DELIVERING CONFIDENCE IN DATA

FOR A SAFER, SMARTER AND MORE SUSTAINABLE WORLD

2023
Annual Report
& Accounts

Contents

DISCOVER WHAT'S INSIDE

INVESTMENT CASE
04

FINANCIAL HIGHLIGHTS
06

OVERVIEW

02 At a Glance
04 Investment Case
06 Highlights
08 Our Purpose
10 Our People

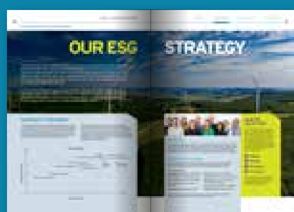
STRATEGIC REPORT

12 Chairman’s Statement
14 Market Overview
18 Our Business Model
20 The 1Spatial Platform
22 CEO’s Review
28 Strategic Framework
36 CFO’s Review
40 Environmental, Social and Governance
52 Principal Risks and Uncertainties
56 Section 172 Statement

CHAIRMAN’S STATEMENT
12

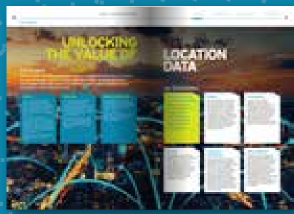
CEO’S REVIEW
22

CFO’S REPORT
36



ESG REPORT
40

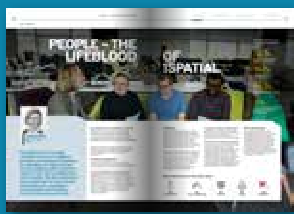
OUR 2023 REPORT



OUR PURPOSE
08

GOVERNANCE

58 Board of Directors
60 Corporate Governance Report
62 Audit Committee Report
64 Directors’ Remuneration Report
68 Directors’ Report
70 Directors’ Responsibilities Statement



OUR PEOPLE
10

FINANCIAL STATEMENTS

71 Independent Auditor’s Report
77 Consolidated Statement of Comprehensive Income
78 Consolidated Statement of Financial Position
79 Consolidated Statement of Changes in Equity
80 Consolidated Statement of Cash Flows
81 Notes to the Financial Statements
114 Company Statement of Financial Position
115 Company Statement of Changes in Equity
116 Notes to the Company Financial Statements
123 Company Information

At a Glance

DELIVERING CONFIDENCE

1Spatial is a global leader in Location Master Data Management ('LMDM').

Accurate and reliable location data provides significant opportunities for businesses and governments to deliver against important sustainability and Net Zero goals, improve operational efficiencies and contribute to a better society for all.

1Spatial is a leader in delivering Location Master Data Management ('LMDM') software and solutions. We help solve our customers' data challenges by building strong data foundations and delivering innovative solutions for confident and informed decision-making, with location data as a key enabler. Our user-friendly, no-code, cloud-enabled solutions and business applications facilitate automated data governance while delivering increased efficiencies and significant cost-savings – contributing to a safer, smarter and more sustainable world.

Our global clients include national mapping and land management agencies, utility companies, transportation organisations, government, public safety and defence departments.

Our Vision

To be the world's most trusted provider of Location Master Data Management ('LMDM').

Our Mission

Our mission is to develop automated solutions and applications that instil confidence in data. We do this with our 1Spatial platform – automatically auditing, validating, cleansing, synchronising, updating and analysing data at speed and at scale – delivering reliable data and developing innovative solutions that help our customers make better-informed decisions.

347

Employees worldwide

OUR PARTNERS

ATKINS, AtoS, CGI, enzen, esri, Infosys, OS Partner, QINETIQ, SAFE SOFTWARE, VertiGIS Studio, VERSION 1

OVER 1,000 CUSTOMERS

ADOT, Cal OES, Network Rail, Northern Gas Networks, NOAA, Northumbrian Water living water

IN DATA

7

Operational countries

- United Kingdom
- United States
- France
- Belgium
- Republic of Ireland
- Tunisia
- Australia

25

Locations of our key customers

- Australia
- Belgium
- Canada
- Denmark
- France
- Germany
- Gibraltar
- India
- Ireland
- Indonesia
- Italy
- Luxembourg
- Monaco
- Morocco
- Netherlands
- New Zealand
- Norway
- Philippines
- Republic of Ireland
- Singapore
- South Africa
- Spain
- Tunisia
- United Kingdom
- USA

Industries

CORE INDUSTRY SECTORS

GOVERNMENT & PUBLIC SAFETY

Helping governments manage, share and use data to accelerate delivery of economic, social and environmental benefits, enabling better decisions and greater insights.

UTILITIES

Providing utility organisations with confidence in their data as they increasingly transform into digital organisations with machine learning, digital twins and preventative action being common practice.

TRANSPORTATION & INFRASTRUCTURE

Enabling organisations to effectively manage complex supply chains, deliver a dependable service and excellent customer experience, while reducing carbon emissions and environmental impacts for the industry.

REASONS TO INVEST

Growing market opportunities

- 1Spatial sits right at the heart of significant growth opportunities across multiple sectors, enabling a smarter, safer and more sustainable world. We work together with government, utility and transport sectors around the world to meet the green agenda, support the investment in infrastructure upgrades and help organisations implement strategies in response to the digital transformation taking place across all industries.
- We collaborate with global partners on large-scale data transformation projects and tap into a broader network of prospective clients. We harness innovation through collaborative partnerships to create technology that solves emerging industry needs.
- The Geospatial Information Systems Market is currently worth US$10 billion, which is estimated to more than double by 2027 to US$21 billion, and secondly, the mainstream Master Data Management market, which is worth US$16.6 billion but estimated to triple by 2030 to US$54 billion.
- The US market is a significant growth opportunity for the Group, particularly with our Next Generation 9-1-1 ('NG9-1-1') solution where there is a potential US$100 million market opportunity.
- The traffic management market is a significant growth opportunity for the Group with its Traffic Management Plan Automation ('TMPA') solution for the production of automated traffic management plans where there is a potential £250 million market opportunity for low-speed roads in the UK.

Pioneering technology and long-standing location data expertise

- We are pioneers in the auditing, validation, cleansing, synchronising, updating and analysing of location data, and our technology is recognised as being of a world-class standard.
- Our market-leading technology powers some of the world's largest location data implementations, such as the US Census Bureau, the UK National Underground Asset Register ('NUAR') and HS2, also in the UK.
- We understand the complexity of location data formats and sources, the rules that need to be applied to validate data and how to resolve issues that arise from complex data integration and transformation projects.
- Our domain expertise has been honed over 30 years, which presents a high barrier to entry.
- Our patented technology enables us to validate, map and integrate data from multiple sources, systems and formats at speed and at scale, without requiring the data to be centralised beforehand. Our technology can be used to process both spatial and non-spatial data.

"Our focus on growing recurring subscription term licences, our SaaS strategy and other recurring revenue from long-term contracts will continue to deliver revenue growth with improved gross margins."

IN 1SPATIAL

Valuable customer base

- We have a customer base of over 1,000 organisations, providing a strong foundation for growth, as we seek to expand these relationships and generate additional opportunities.
- While this is already an extensive customer base, we believe, as leaders in location data validation and management, we are at an early stage of our growth journey.
- Our commitment to service excellence means we benefit from high levels of customer retention.

Scalable business model

- We are transitioning to a SaaS delivery and business model, with a growing proportion of recurring software revenue.
- We have built an elastic, multi-tenant cloud platform to support increased market penetration and scalable growth.
- We have a substantial opportunity in the USA – our IP currently underpins key population communication platforms including in California, New York and Arkansas – our solutions are applicable for the towns and cities across 50 states.
- We forge strong relationships with an expanding list of partners, providing additional sales and marketing reach.

Strengthening financial position

- We are delivering growing revenues with our global offering and clients in 25 countries.
- Our focus on growing recurring subscription term licences, our SaaS strategy and other recurring revenue from long-term contracts will continue to deliver revenue growth with improved gross margins.
- We have a positive adjusted EBITDA and profit-before-tax position and our operations generate cash.
- Our balance sheet is strong with a net cash position.

"We have a substantial opportunity in the USA – our IP currently underpins key population communication platforms including in California, New York and Arkansas – our solutions are applicable for the towns and cities across 50 states."

FINANCIAL AND

Group revenue
£30.0m
2022: £27.0m
▲ 11%

Recurring revenue*
£14.8m
2022: £12.2m
▲ 21%

Term licences revenue*
£5.2m
2022: £2.9m
▲ 79%

Group total ARR*
£15.8m
2022: £13.4m
▲ 18%

Term licences ARR*
£5.6m
2022: £4.1m
▲ 37%

Group gross profit
£15.5m
2022: £13.9m
▲ 12%

Adjusted EBITDA*
£5.0m
2022: £4.2m
▲ 19%

Adjusted EBITDA margin (%)*
16.7%
2022: 15.5%
▲ 1.2pp

Operating profit
£1.3m
2022: £0.4m
▲ 225%

Profit before tax
£1.0m
2022: £0.2m
▲ 400%

Earnings per share – basic/diluted
£1.0m / £.0.9m
2022: £0.3m (basic and diluted restated)
▲ 233%/200%

Net cash*
£3.1m
2022: £3.2m
▼ 3%

OPERATIONAL HIGHLIGHTS

Highlights

- Group revenue increased from £27.0 million in FY 2022 to £30.0 million in FY 2023 representing year-on-year growth of 11% and resulting in an annual increase of 12% in gross profit.
- Operating profit grew to approximately £1.3 million from £0.4 million in the previous year with profit before tax up to £1.0 million from £0.2 million against the same period last year.
- Significant high-value contracts signed in FY 2023 combined with a strong pipeline of prospects.
- Organic revenue growth achieved from new customer wins and expansion contracts in all regions.
- A significant increase in Group profit before tax compared to FY 2022.

Operational highlights

- Approximately 50% of revenue represented by recurring revenue with year-on-year term licence revenue growth of 79%.
- Continued R&D investment in innovative solutions creating market-leading Location Master Data Management ('LMDM') platform.
- Trading in the current financial year has started positively and, while cognisant of inflationary cost pressures, the Board remains confident in delivering results for FY 2024, in line with expectations.
- Inflationary cost pressures across the business being well managed, with the increasing strength of the balance sheet providing the confidence to continue investment into people and offering.
- Named among the top 100 organisations featured in the 2023 UK's Most Loved Workplace® list backed by Best Practice Institute ('BPI') research and analysis.

Outlook

- Trading in the current financial year has started positively with a significantly growing sales pipeline.
- Two new SaaS offerings in trials with customers, representing an additional avenue for growth.
- Continuing to invest in sales team and offering to capture the opportunity.
- Continuing growth of ARR and revenue backlog provides comfort during challenging macro environment.
- While cognisant of inflationary cost pressures, the Board remains confident in delivering further progress in FY 2024.

*** Alternative Performance Measures ('APMs')**

The Group uses certain Alternative Performance Measures to enable the users of the Group's financial statements to understand and evaluate the performance of the Group consistently over different reporting periods. APMs are non-GAAP company specific measures. As these are non-GAAP measures, they should not be considered as a replacements for IFRS measures. The Group's definition of non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. A description of the measures set out above is included below with a reconciliation to the closest GAAP measure included in note 2 to the consolidated financial statements.

APM	Explanation of APM
Recurring revenue (s)	Recurring Revenue is the value of committed recurring contracts for term licences and support & maintenance recorded in the year.
Annualised recurring revenue ('ARR')	Annualised Recurring Revenue ('ARR') is the annualised value at the year-end of committed recurring contracts for term licences and support & maintenance.
Adjusted EBITDA	Adjusted EBITDA is a company-specific measure which is calculated as operating profit/(loss) before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charge and strategic, integration, and other non-recurring items.
Net cash	Net cash is gross cash less bank borrowings.

UNLOCKING THE VALUE OF

Our Purpose

Our purpose is to help customers make confident and informed decisions by unlocking the value of location data for a safer, smarter and more sustainable world. We help our customers make critical location-based decisions in many different ways.

Safer

With our technology, we help to accurately locate underground pipes, eliminating the incidence of utility strikes, thereby contributing to the prevention of injuries and delivering substantial cost-savings every year.

Our solutions help emergency centres in the USA correctly locate and route emergency services calls, helping to improve response times, alleviate the impact of disasters and contribute to life-saving emergency rescue operations.

Refer to the section on work we've done in the USA for NG9-1-1 on page 32.

Smarter

Local and national governments use our technology to make informed, evidence-based decisions when setting regulations, collecting taxes and providing public services, contributing to significant savings in public spending.

See how we've helped the Rural Payments Agency improve their decision-making by automating their location data management on page 30.

More sustainable

As organisations work towards achieving their Net Zero goals, we create data platforms for modelling green decisions and reducing carbon emissions.

See how we're helping organisations meet their Net Zero goals by reading our partner section on page 34.

LOCATION DATA

Our Stakeholders

Delivering value to all shareholders

Supporting the environment, our people and all stakeholders is fundamental to what drives us as a business.

Planet

We are committed to embedding sustainability at the core of our business. Not only do we support the United Nation's Sustainable Development Goals through the work we do for our clients, but through our own ESG strategy and sustainability initiatives. Our ESG strategy and framework which, combined with our purpose, will guide our decision-making about the assets we deploy and the outputs we produce.

Customers

We work closely with our customers to identify and understand their business issues. Increasingly, customers cite sustainability, health and safety, and infrastructure investment as key drivers. Helping them make data-enabled decisions drives development of innovative solutions and applications, which in turn drives our business growth.

People

Our dedicated, committed and passionate team is the cornerstone of our success. Our culture is open, supportive, inclusive and encouraging. Guided by our purpose and underpinned by our values (We Respect, We Innovate, We Collaborate, We Trust and We Care), we believe in the concept of 1Team to achieve sustainable outcomes.

Suppliers & Partners

We strongly value the business relationships with our suppliers and partners and the opportunities created by working together. Through partnerships we learn, share best practice and set future goals so that we can bring our software and solutions to new geographic regions and industries and provide additional scale to our capabilities. Our commitment to ESG means we are taking steps to embed sustainable practices across our supply chain.

Shareholders

We believe that our purpose is material to the performance of our business and aim to generate increasing value for our investors while managing within the risk, governance and compliance frameworks that guide us. We aim to engage openly, consistently and transparently with our shareholders through formal AGMs, results announcements and presentations, investor roadshows and conferences and updates on our website.

PEOPLE – THE LIFEBLOOD

Jessica Sims
HEAD OF GLOBAL PEOPLE

"Our approach to our people continues to focus on wellbeing, inclusion and employee experience. By upholding our values we have built an employee culture based on respect, trust, caring, collaboration and innovation. We are continuing to ensure fulfilment of roles, through meaningful work, recognition, communication, and meeting individual development needs."

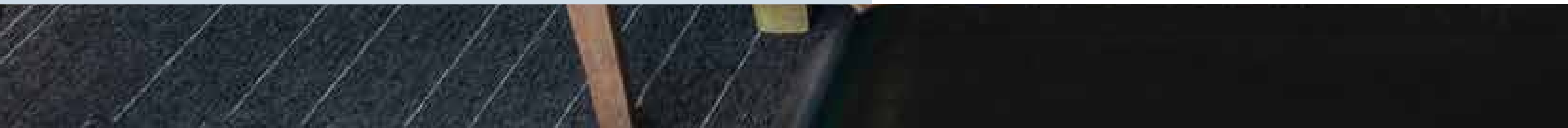
Our people are the lifeblood of 1Spatial. We aim to hire, nurture and develop the best, most diverse teams to help our clients solve their most important problems and deliver sustained outcomes.

The work we do lends a sense of purpose to our employees, and as a Company, we are passionate about corporate citizenship and making our world better.

Promoting engagement

We believe in supporting employees through a positive, flexible and inclusive working environment built on a foundation of mutual trust and respect.

One of the highlights of 2022 was our inclusion in **Newsweek's Top 100 Most Loved Workplace®** organisations in the UK, backed by Best Practice Institute ('BPI') research and analysis. 1Spatial was selected because of our commitment to putting people at the heart of our business, the trust being placed in employees to make decisions and execute work, the accessibility of our leadership team, employee work/life balance and our focus on employee wellbeing.



OF 1SPATIAL

Key findings from our employee engagement survey:

82.3%
are happy with their line manager relationship;

74.2%
consider at least one colleague a friend;

84.2%
feel respected and trusted by their line manager and peers;

70.0%
agree that they are regularly updated with relevant 1Spatial news.

Wellbeing

Employee wellbeing is important to us, and we provide mental health awareness training, mental health first aiders (in the UK) and regular social events to help employees take time out from their working day. In keeping with current employee expectations, 1Spatial supports flexible working across all countries.

Culture, diversity and inclusion

Our team ethos is not only demonstrated by our ongoing commitment to equality and diversity but is also reflected in our open office space which encourages conversation, cooperation and collaboration between colleagues at every level in every department.

Our people are passionate about making a difference in the world, volunteering their time, energy and skills in support of good causes. We recognise these contributions as part of our ESG strategy.

Attracting and retaining talent

Our ability to recruit and retain key staff is critical to delivering our strategy. Crafting suitable employee benefits and retention programmes is vital to talent management. We continue to review employee needs and develop benefits to meet those needs wherever possible, including supporting flexible working, and other benefits such as extended holidays and enhanced pension contributions.

Skills development

All employees have a personal development allowance to help them shape their own learning. We are undertaking a process to ensure all employees have a formal Learning and Development plan to identify training needs and build employee skills. We also offer professional qualifications through apprenticeship programmes and cross-departmental training and movement.

We are driven by our five core values

WE INNOVATE | WE COLLABORATE | WE TRUST | WE CARE | WE RESPECT

CONFIDENT IN OUR PERFORMANCE WITH ANOTHER

> **"We enter the new financial year in a strong position and we believe the investments made over the past year in our people and technology position us well to take advantage of the huge opportunity that is ahead."**

1Spatial has delivered another year of solid growth, securing landmark new customers across our key geographies, many of which have the potential for further expansion. We have increased investment in the business, adding to our team and product and thereby enhancing the ability of the business to scale through the sale of repeatable business applications and software solutions.

Despite the current macro environment, digital transformation and government investment initiatives continue at pace and are driving a substantial need for data management tools, particularly those capable of managing complex location data. 1Spatial is increasingly being chosen as the provider for these projects sitting at the heart of this rapidly increasing demand.

Our key financial objectives for the year were to grow recurring revenues, while generating funds to be reinvested into the business. We are making meaningful progress against our strategic priorities and I am delighted to report that we achieved double-digit revenue and profit growth this year. Our focus on growing recurring revenue can be seen in the increasing proportion of recurring revenues we are now generating, which now account for approximately 50% of total revenue. The Group has successfully managed inflationary pressures, achieving adjusted EBITDA growth, resulting in our second year of operating profit and profit before tax.

Operational successes

We have won several new landmark customers across all regions, with particular success in the UK and the US, some of which provide us with secure long-term levels of annual recurring revenue ('ARR') and excellent references and opportunities to increase revenues within these accounts.

▲ 11%

Group revenues increased by 11% to £30.0m (FY22: £27.0m)

▲ 19%

Adjusted EBITDA increased by 19% to £5.0m (FY22: £4.2m)

YEAR OF SOLID GROWTH

People

During FY 2023, we invested in the expansion of our senior leadership team to ensure we have the depth of management to deliver our growth strategy and have been encouraged by the immediate positive impacts the new team members have made. We were delighted to welcome Stuart Ritchie to the Board as CFO in December 2022; he will provide great financial leadership to the business alongside Claire and the team, as we seek to capture the considerable opportunity ahead of us. On behalf of the Board, I would like to thank Andrew Fabian for the role he has played as CFO in seeing 1Spatial safely into its next stage of growth, providing the business with a solid financial platform to support its evolving SaaS business model.

Environmental, Social and Governance ('ESG')

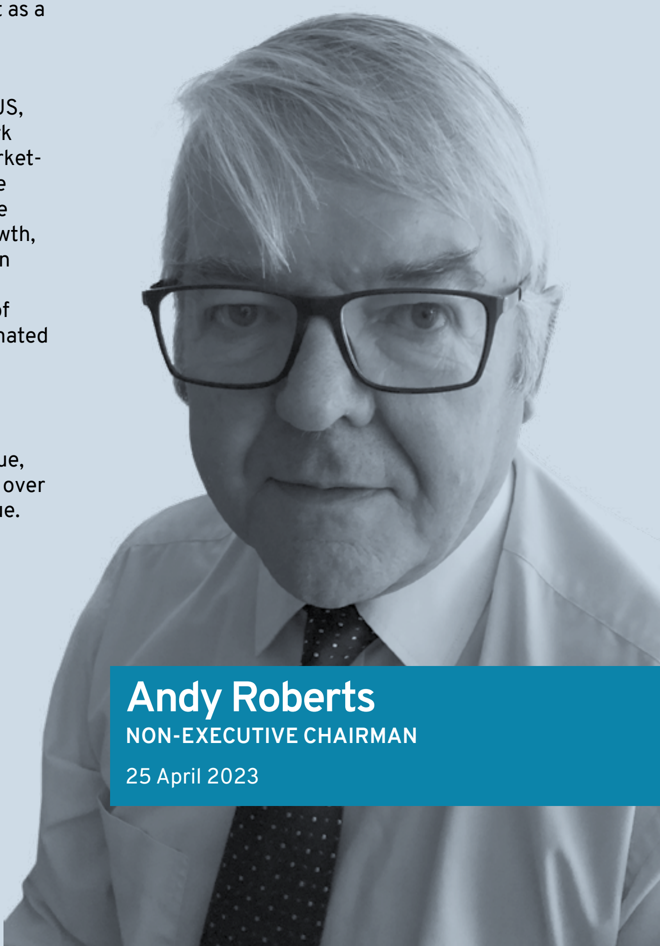
Like many businesses, ESG is very important to 1Spatial as we strive to make the world safer, smarter and more sustainable for the future. This year, we launched our ESG strategy and established an ESG steering committee. Our ESG report is included on page 40. During the coming year, we also plan to undertake a detailed carbon assessment, starting with our UK operations, further details of which are set out in the Annual Report.

Summary and outlook

This year 1Spatial has become a more robust business with an increasing ability to capture the growing demand for accurate and usable location data. We are successfully delivering against our three-year growth plan, improving profits and cash generation, whilst continuing to invest in our platform which will act as a catalyst for future expansion.

Looking ahead, we continue to see significant opportunities from the US, from our expanding partner network and from our investment in our market-leading cloud platform. Through the launch of our cloud platform, we are adding a new layer of potential growth, targeting niche areas of the location market where we have identified significant demand and low levels of competition, for example our automated solution for the creation of traffic management plans ('TMPA').

With a strong sales backlog and increased levels of recurring revenue, I am confident the Group's success over the past 12 months is set to continue.



Andy Roberts
NON-EXECUTIVE CHAIRMAN
25 April 2023

A TRANSFORMATIVE

Location data is helping to improve responses to the great challenges we now face such as climate change, while also enhancing the planning and delivery of more immediate projects related to infrastructure, construction, housing, transport, retail, the environment, and emergency response services.

Our market

1Spatial operates at the intersection of two growing global markets: the geospatial market – often referred to as the GIS (or Geographic Information Systems) market – and master data management (a technology discipline that ensures the uniformity, accuracy and accountability of shared data assets).

The global geographic information system (GIS) market size reached US$ 10.1 billion in 2021. Looking forward, the IMARC Group expects the market to reach US$ 21.1 billion by 2027, exhibiting at a CAGR of 13.1% during 2022–2027.[1]

Similarly, the global master data management market was valued at US$ 16.68 billion in 2022 and is expected to grow to US$ 54 billion by 2030 at a CAGR 15.8% during the forecast period.[2]

We believe this intersection is a unique position in the market and refer to it as Location Master Data Management ('LMDM').

Supporting digital transformation goals

Several major trends are driving geospatial industry growth, including the acceleration of digitalisation, the integration of geospatial and new technologies (such as 3D, machine learning and Artificial Intelligence), the need to meet Net Zero goals, the increasing trend to develop smart cities and digital twins, and infrastructure stimulus investment plans.

The International Data Corporation's Customer Insights and Analysis Group indicates that worldwide digital transformation technology investments will total more than US $7.4 trillion in 2023, of which quality data is a critical enabler.[3]

Data is a critical enabler for growth

Sustainability goals, and the move to a data-driven economy, continue to drive unprecedented growth in both the quantity of location data and the need for applications to derive value from it. 80% of all data collected now has a location component to it (according to a survey by ESRI, a global specialist in GIS, location intelligence and mapping software).

In fact, a recent global survey run by local intelligence company Carto (a leading location intelligence platform) found that 94% of large businesses collect and/or store location data.

This growing business need means that location data is becoming more "mainstream" as enterprise and government organisations place an increasing emphasis on its importance. The variety of formats and repositories of this data, however, mean that much is currently unusable – fuelling the growth of solutions that will unlock the power of these datasets.

GROWTH OPPORTUNITY

The 1Spatial Platform incorporates a complete set of Location Master Data Management (LMDM) software components that can be used to enable customers to unlock the value within all their data (spatial and non-spatial) to achieve their objectives. The importance of location-based solutions and the resilience of the data that underpins these solutions have become imperative for organisations to provide the required services to their customers or citizens.

1 https://www.imarcgroup.com/geographic-information-system-market

2 Polaris market research (https://www.polarismarketresearch.com/industry-analysis/master-data-management-market)

3 https://www.helpnetsecurity.com/2019/10/30/dx-technology-investments

A TRANSFORMATIVE GROWTH OPPORTUNITY CONTINUED

Our applications

Next Generation 9-1-1 ('NG9-1-1')

We estimate that the addressable market for our NG9-1-1 application can be broken down into two tiers:

1. US States – with 50 states we estimate that the addressable market for our enterprise version is approximately US$7.5 million of Annual Recurring Revenue (ARR).

2. US Counties and Cities – our SaaS-based validation application enables cities and counties to validate their location data prior to submission to the state. With 23,000 cities and counties, the addressable market is estimated at US$100 million+.

Traffic Management Planning Automation ('TMPA')

The addressable market for our Traffic Management Planning Automation SaaS-based application for low-speed roads in the United Kingdom is estimated at £250 million.

Our expertise

The forecast growth of the GIS ('Geographic Information Systems') market is attracting more software providers into the market; however, we believe very few have the comparable experience and expertise in location data and the breadth of knowledge of the sector. This makes 1Spatial a significant and important part of the global geospatial ecosystem. This growth of the market provides opportunities for us to partner with organisations that have applications or customers, but not the necessary location data management skills, products or solutions, creating a barrier to entry. Moreover, our close relationship with Esri Inc., the global market leader in GIS database software, gives us additional credibility, while enhancing our market reach and visibility.

We focus on three industries where accuracy of location and geospatial data are critical: Government, Utilities and Transport. This focus spans across four geographic markets: the UK and Ireland, USA, Europe, and Australia.

At the heart of multiple themes: accurate, shareable location data

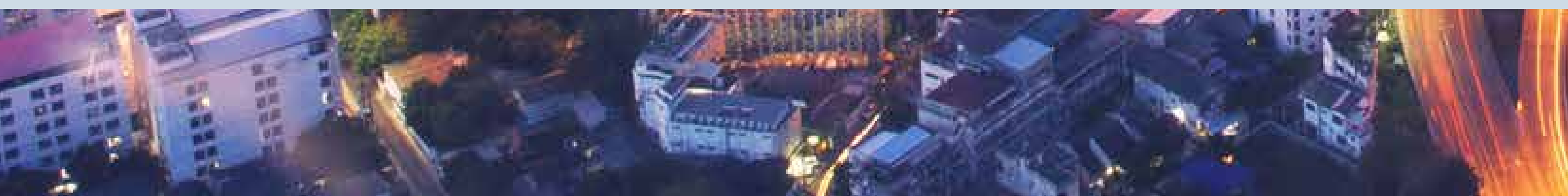
There is a growing awareness across multiple industries that location data is a vital element in the delivery of more efficient, faster and safer services. With location data increasingly being used as the main point of reference when connecting multiple systems, there is a need for that data to be accurate and shareable.

Sustainability drivers

In the past, our offerings have traditionally been used to address customer needs such as increased efficiencies or cost savings, but increasingly these drivers are now around sustainability, health and/or safety and infrastructure investment. Our rules engine, 1Integrate and its companion web portal 1Data Gateway are consistently being recognised as powerful tools to ensure good quality data.

The macro environment

Despite the current macro environment, digital transformation and government investment initiatives continue to drive a substantial need for data management tools, particularly those capable of managing complex location data. At the macro level, we believe themes such as the 17 United Nations (UN) Sustainable Development Goals (SDGs), a universal call for action to end poverty, hunger and protect the planet, and specific government initiatives, such as President Biden's investment in infrastructure development and climate change projects will continue to be long-term drivers of the need for accurate, location-based, shareable data.



Key Industry Drivers

MACRO THEMES

ESG and sustainable development goals

- 169 targets to measure
- Mapping and location data play a significant role
- A need for improved data quality driven by the United Nations

SUSTAINABLE DEVELOPMENT GOALS

Government Investment Initiatives

- US$2 Trillion infrastructure investment – USA
- £600 billion investment – “Build Back Better” and the “Levelling Up Agenda” – UK
- €806 billion Next Generation EU – European Commission
- US$500 million funding for Next Generation 9-1-1 projects

Digital Economy

- Drive for digital representation of assets (digital twins)
- Greater need to share data across organisations and the public sector
- Increasing demand for cloud first and SaaS-enabled solutions

TARGET MARKETS

Government

Utilities

Transport

MARKET DRIVERS

Sustainability

(drive to Net Zero)

Infrastructure Investment

Health & Safety

ENABLING CRITICAL

Our business model is built on core strategies driving improved performance and creating innovative new products.

Strategic Pillar

Innovation

Be innovative in how we develop and use our core products and technology

Read more about innovation in practice on **page 30**

Customer Relationships

Be approachable through customer-guided innovation and market research

Read more about customer relationships in practice on **page 32**

Smart Partnerships

Be smart in how we work with our partners

Read more about smart partnerships in practice on **page 34**

How we prioritise our business activities

Business

- Financial performance
- Investor growth
- Customer needs

Read more about our performance on **page 22**

ESG

- People
- Planet
- Product
- Practices

Read more about ESG on **page 40**

Technology

- Innovation
- SaaS-enablement

Read more about the 1Spatial Platform on **page 20**

Resources and relationships we rely upon

Business

- Financial capital
- Industry expertise
- Customers
- Partners

ESG

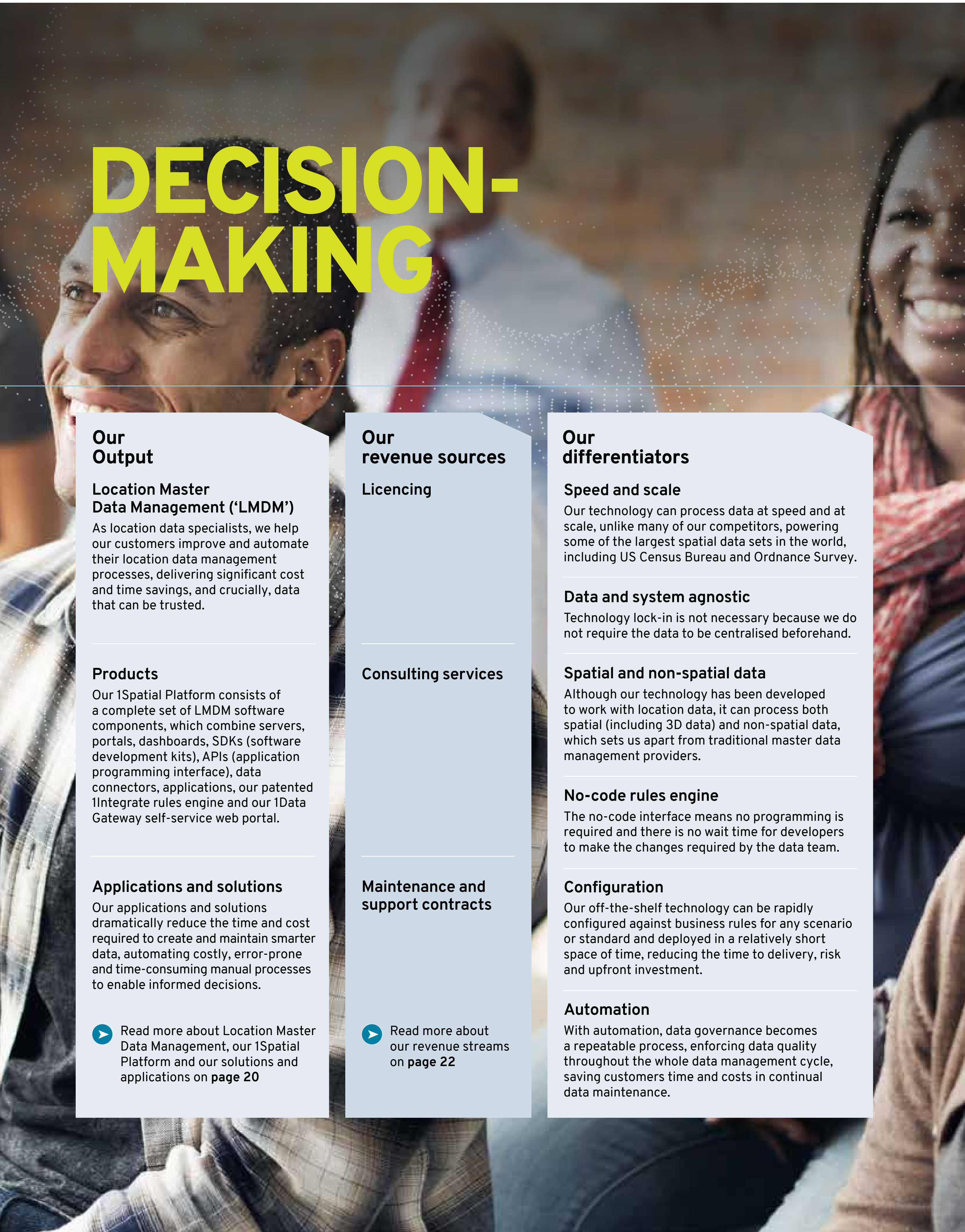
- Our people, customers, partners and suppliers
- Shareholders
- Governing institutions

Read more about ESG on **page 40**

Technology

- 1Spatial Platform

Read more about the 1Spatial Platform on **page 20**



DECISION-MAKING

Our Output

Location Master Data Management ('LMDM')

As location data specialists, we help our customers improve and automate their location data management processes, delivering significant cost and time savings, and crucially, data that can be trusted.

Products

Our 1Spatial Platform consists of a complete set of LMDM software components, which combine servers, portals, dashboards, SDKs (software development kits), APIs (application programming interface), data connectors, applications, our patented 1Integrate rules engine and our 1Data Gateway self-service web portal.

Applications and solutions

Our applications and solutions dramatically reduce the time and cost required to create and maintain smarter data, automating costly, error-prone and time-consuming manual processes to enable informed decisions.

Read more about Location Master Data Management, our 1Spatial Platform and our solutions and applications on **page 20**

Our revenue sources

Licencing

Consulting services

Maintenance and support contracts

Read more about our revenue streams on **page 22**

Our differentiators

Speed and scale

Our technology can process data at speed and at scale, unlike many of our competitors, powering some of the largest spatial data sets in the world, including US Census Bureau and Ordnance Survey.

Data and system agnostic

Technology lock-in is not necessary because we do not require the data to be centralised beforehand.

Spatial and non-spatial data

Although our technology has been developed to work with location data, it can process both spatial (including 3D data) and non-spatial data, which sets us apart from traditional master data management providers.

No-code rules engine

The no-code interface means no programming is required and there is no wait time for developers to make the changes required by the data team.

Configuration

Our off-the-shelf technology can be rapidly configured against business rules for any scenario or standard and deployed in a relatively short space of time, reducing the time to delivery, risk and upfront investment.

Automation

With automation, data governance becomes a repeatable process, enforcing data quality throughout the whole data management cycle, saving customers time and costs in continual data maintenance.

THE 1SPATIAL PLATFORM

Automated data governance and Location Master Data Management

The 1Spatial Platform is a complete set of Location Master Data Management ('LMDM') software components, which combines servers, portals, dashboards, SDKs, APIs, data connectors, business-focused applications, our patented 1Integrate rules engine and our web-based data upload portal, 1Data Gateway.

A central geospatial data ecosystem

The 1Spatial Platform is an integrated data system – an ecosystem where data can be shared – either across the business or with other organisations.

Often, this data may already exist elsewhere (internally or externally), but the organisation has not had the means to access this data. With our technology, our customers can access this untapped source of data – saving them significant amounts of time and money.

Since data (and specifically location data) is often collected and stored in silos, in different standards and formats and of differing levels of data quality, it needs to be audited and assessed against specific standards or criteria ('business rules') before it can be trusted. To rely on this shared data, there needs to be a mechanism to validate its accuracy.

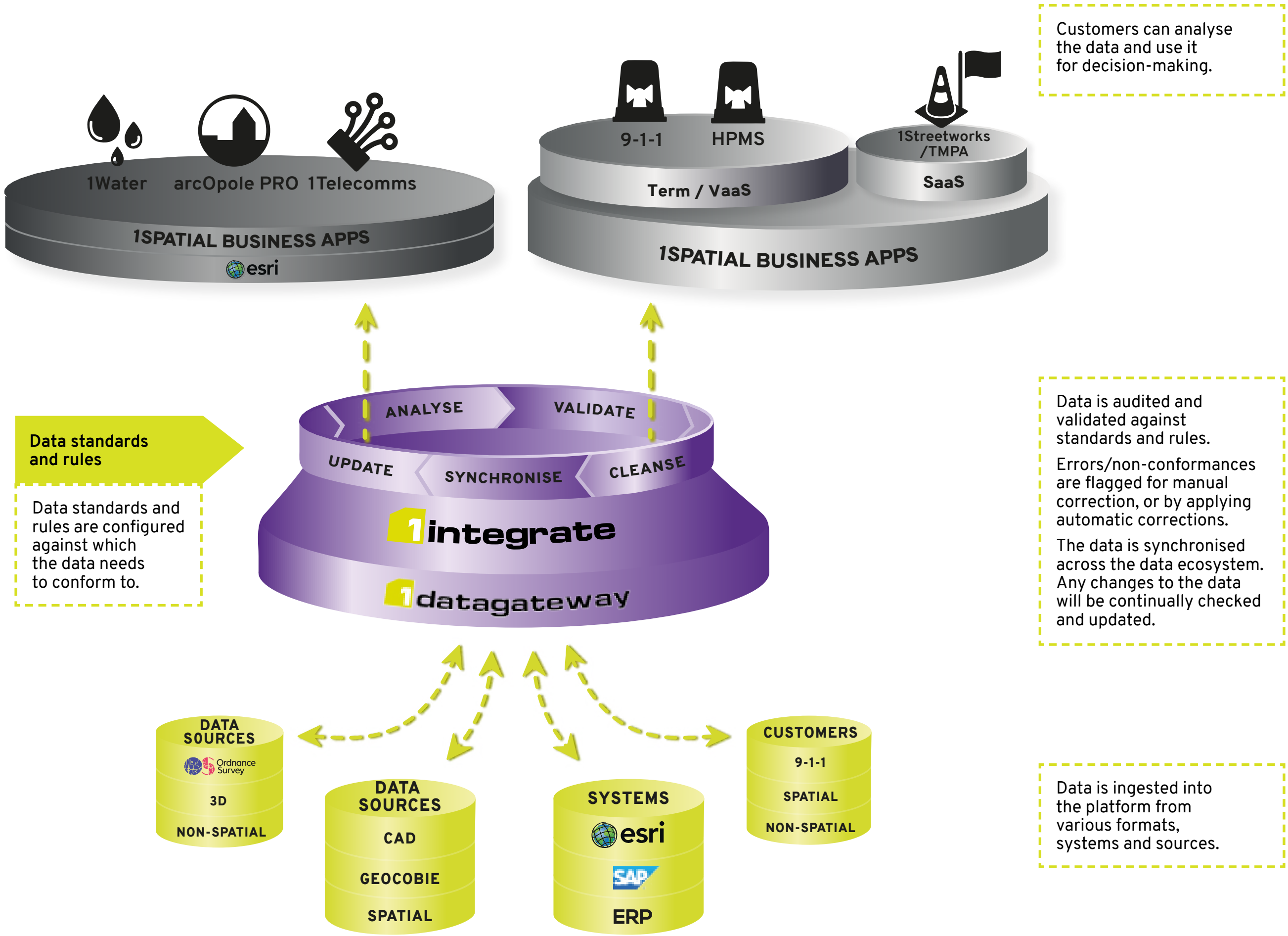
BUSINESS APPLICATIONS

1Water

1Water is a business application for water network management. This global solution has been built on top of the Esri platform and works with the new Esri Utility Network Model. We have used this solution to successfully migrate our existing French customers in the water sector to the Esri platform and intend to market this solution globally. We have already secured ten utility clients in France since its launch late in 2021.

1Telecoms

1Telecoms is a business application for fibre optic and telecommunications networks, built on the Esri platform. It is aimed at operators, engineering and construction firms and local authorities, enabling them to optimise processes around the construction, deployment, operation and maintenance of telecommunications assets. It also helps them accurately locate their indoor and outdoor telecommunications infrastructure while improving inventory management and maintenance.



Next Generation 9-1-1 ('NG9-1-1')

Our Next Generation 9-1-1 Solution ensures that emergency services are using validated and integrated location data and that any issues with the data are rectified as quickly as possible. The automated process saves time and resources, providing a single source of truth for multiple emergency services departments. By having a complete dataset, the emergency service departments will be able to react to incidents faster, and make decisions confidently, based on quality data. We are making significant headway in the US with this application, and to date, we have secured contracts with eight federal states.

US Highways Performance Management System ('HPMS')

HPMS was developed in collaboration with the US Federal Highway Administration. The application automates the process of validating and preparing the highway/roads data for submittal to the Federal Highway Agency, which was formerly a very arduous process. HPMS data submission is critical to each of the 50 states in the US, as it determines the Federal Highway funds to be allocated to each state each year. This repeatable solution for state Departments of Transportation provides recurring annual term licence and services contracts. Customers already include the Federal Highway Administration, and the Departments of Transport for Massachusetts, West Virginia and Pennsylvania.

1Streetworks/Traffic Management Planning Automation

1Streetworks is a business unit that has developed our Traffic Management Planning Automation application, enabling the automatic generation of statutory traffic management plans around essential roadworks. Maintenance, repairs and excavations on roads to access utility pipelines and cables is often unavoidable and, in the UK, there are approximately 2.5 million works on low-speed roads each year. Each one must be planned, and a significant amount of time is required for the creation of an approved, compliant traffic management plan. We believe the market opportunity for the application to be significant and trials have now commenced with several organisations across the UK. Initial feedback from these trials is positive.

CONFIDENT IN OUR PERFORMANCE,

This has been another year of progress for 1Spatial achieving growth despite a difficult economic backdrop, delivering across our strategic growth pillars of Innovation, Customer Relationships and Smart Partnerships.

"The Group achieved double-digit revenue growth in the year, with an increasing proportion of recurring revenues, which now account for approximately 50% of total revenue."

Resilient financial performance

The Group achieved double-digit revenue growth in the year, with an increasing proportion of recurring revenues, which now account for approximately 50% of total revenue. Within that, high margin software term licence revenue increased by 79% to over £5 million.

Our rules engine, 1Integrate, and cloud portal, 1Data Gateway, are recognised both by our customers and a growing number of influential partners, as powerful tools to ensure good quality data and trust when sharing data.

Through our offering, we help over 1,000 customers, spanning key sectors such as government, utilities and transportation, make better business decisions and move towards a smarter world, through improved accuracy and sharing of location data.

We are global leaders in providing Location Master Data Management and this proposition is at the intersection of two global growing markets. Firstly, the global geographic information system ('GIS') market size reached US$10.1billion in 2021. Looking forward, the IMARC Group expects the market to reach US$21.1 billion by 2027, exhibiting at a CAGR of 13.1% during 2022 - 2027.

Similarly, the global master data management market was valued at US$16.68 billion in 2022 and is expected to grow to US$54 billion by 2030 at a CAGR of 15.8% during the forecast period according to Polaris Market Research.

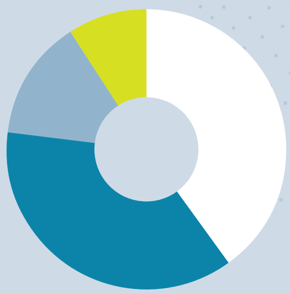
US delivering strong growth

The US has been key to the Group's expansion, being the most significant contributor of recurring revenue with growth of 45% in annualised recurring revenue at constant currency. During the year, we successfully sold and implemented 1Integrate and 1Data Gateway in several clients, both new and expanding on existing contracts, building our annual recurring revenue from our repeatable solutions such as Next Generation 9-1-1.

US legislation requires all states to upgrade their emergency services and public safety systems. Building digital platforms and incorporating the use of location data to support Next Generation ('NG') 9-1-1 services and ensure a modern and safe emergency response system. Our NG9-1-1 solution, now being implemented in eight US states, ensures that emergency services are using validated, integrated and up-to-date data and ultimately that the teams on the ground can respond to incidents more quickly.

PEOPLE, PRODUCTS AND PLATFORM

Revenue by region



UK/Ireland	40%
Europe	37%
US	14%
Australia	9%

The launch of our cloud platform in January 2023 also means we now offer a "light version" NG9-1-1 SaaS solution aimed at the counties and cities within each state, significantly increasing our addressable opportunity. We continue to invest in this solution and the trials are progressing as planned.

There is also sizeable opportunity for growth within each state by launching additional solutions, including Highway Performance Monitoring Systems ('HPMS') and Conflation. HPMS offers US highway agencies the ability to fully comply with reporting requirements on the use of the routes within their jurisdiction. The Conflation solution enables the aggregation of large quantities of data, the automatic selection of the best quality data points and the generation of an accurate, reliable whole data set, We have already seen success in California where we have doubled the initial annual term licence revenue through the upsell of additional solutions.

This all contributes to a high-margin medium-term opportunity, based around our own IP and channels to market that can transform the economics of our US operation. Further out we have the opportunity for expansion into Canada and Latin America.

Europe

In FY 2022, Europe was the most significant geographical component at a revenue level. However, year-on-year growth of 1% in FY 2023 led to this segment dropping behind the UK in FY 2023. Europe experienced some delays in FY 2023 transitioning its large customer base away from perpetual licences, but we are encouraged by the year-on-year increase of 15% in Europe's ARR ('Annual Recurring Revenue') as well as a significant increase in term licence revenue compared to last year. On 1 February 2023, we appointed a highly experienced European Sales Director to lead this transition and to focus our teams on sales of proprietary product.

UK

In the UK, we have delivered top and bottom-line growth through new multi-year contracts across different sectors. We signed our first contract with HS2, to build a data validation gateway, which has significant potential for further expansion. The gateway solution will enable HS2 to validate the quality, conformance and design of construction-related data submitted by their supply chain, which in turn will contribute to the efficiency and effective information delivery on Europe's largest infrastructure project.

Claire Milverton
CHIEF EXECUTIVE OFFICER

CEO's Review continued

We are pleased that the first phase of the NUAR Project ('National Underground Asset Register') (also known as the MVP stage), has now been completed and launched by government on 5 April 2023. This first phase of NUAR contains data from public and private sector organisations which own pipes and cables in North East England, Wales and London including all of the major energy and water providers.

Successes such as these in the UK, and the considerable size of our sales pipeline, give us the confidence to continue to invest in the business. We have the right structure to deliver on the growing opportunity as we move into the final year of our three-year growth plan.

Strategic review

We are building our highly scalable business on three pillars: Innovation, Customer Relationships and Smart Partnerships and I am proud to report considerable progress against all three throughout the year.

Innovation

Innovation lies at the heart of 1Spatial and during the year we invested in our market-leading platform to ensure our patented software remains at the forefront of the expanding industry. Our software can handle huge volumes of complex data allowing our customers not only to ensure accuracy and security but also save significant amounts of time and money, giving them the ability to solve complex challenges in the management of their spatial and non-spatial data.

The 1Spatial Platform for Location Master Data Management can be split into two key areas, one of which is Data Management Solutions (managing data to ensure it is correct, consistent and compliant) which we continued to invest in throughout the year, including in our patented 1Integrate rules engine and our cloud-enabled portal 1Data Gateway, to improve the user experience. This innovation in both 1Integrate and 1Data Gateway facilitated further growth and accessibility of our solutions and the development team continue to assess the products against both customer and market needs.

The second key area is Business Applications where we have expanded our addressable market opportunity through the launch of new offerings and cloud-based versions of some core solutions, making our technology available to mid-tier organisations.

We provide two types of business applications to meet our customers' needs. Applications can either plug directly into the 1Spatial Platform or alternatively can plug into the 1Spatial Platform whilst also utilising the benefits of the underlying Esri technology.

Applications plugged directly into the 1Spatial Platform

Specific Business Applications – term licences (cloud enabled)
We have targeted applications such as those for NG9-1-1 which are cloud enabled and can reside within a customer's own infrastructure, within their own private cloud or 1Spatial can offer a hosted solution.

Specific Business Applications – SaaS applications
This year, we continued the development of our Traffic Management Plan Automation ('TMPA') solution for the production of traffic management plans within minutes. This is a UK application and is currently undergoing trials by selected customers.

Validation Applications (Validation as a Service – VaaS)
These applications validate data to a pre-defined set of rules and return a report and visual map-based representation of the errors. The first of these applications is NG9-1-1 which we have now launched and is undergoing trials. We have also identified a number of other VaaS solutions across our territories which we will be looking to trial during H2 of FY24.

Both the Specific Business Applications and Validation Applications provide the Group with potential exciting new "go to" market models, lowering the price point for new customers onto the platform, making our technology available to mid-tier organisations.

Launch of 1Spatial cloud platform

During the year, we finalised the majority of the development on the 1Spatial cloud platform which will allow us to sell the cloud solutions noted above. The multi-tenancy SaaS platform will be more cost effective for 1Spatial as we will be managing fewer deployments and the elastic nature of the platform architecture is more cost efficient.

Applications using the benefits of Esri technology

To meet our customers' needs we also invested in our Esri-based business applications, such as 1Water and 1Telecoms which manage water and telecom networks respectively.

Whilst these applications are being sold to new customers they are also necessary to facilitate the migration from the Group's legacy Elyx platform to Esri-supported solutions.

Customer relationships

We continued to strengthen our relationships with existing customers throughout the year and secured landmark new customer wins across all territories, with particular growth in the UK and US, including high-profile national-level digital transformation initiatives. This has demonstrated 1Spatial's increasing ability to secure larger contracts across key geographies and to design, deliver and implement large-scale critical systems. We typically expand our customer relationships over time, as we identify additional areas in which our software and expertise can support our customers.

This year we undertook a customer satisfaction survey with our global key accounts and, although we recognise there are areas to address, compared to the 40+ industry average* of B2B software and SaaS organisations, we are satisfied with the results of an overall 8.1 Net Promoter Score.

The success of our customer focus, combined with ongoing transition to term licencing, can be seen in the 26% growth in Annualised Recurring Revenue driven both by new customer wins and expansion of existing customer accounts.

Land and expand

Key new customer wins include:

- **High Speed Two (HS2)** – supporting the UK's new high speed rail network to build a data validation gateway (£0.9m over two years with the potential for expansion for a further two years).
- Major multi-year contract with **a leading European aerospace agency** – for software licences, including 1Telecoms and 1Integrate, for the implementation and subsequent annual recurring software and managed services. The total value of the contract over five years is approximately €3 million.
- **Five-year** contract with **University of Maryland CATT Labs** – with an initial value of around US$0.6 million, which will be recognised over the five-year period, adding to the Group's annual recurring revenue.
- Contract with the **state of New York** – for various proof-of-concept projects using 1Integrate and 1Data Gateway.
- **Seven-year** contract with the **state of Arkansas – for NG9-1-1**, for US$1.2 million over the period and now the **eighth** US state to select the solution.
- Contract with the **Eastern Transportation Coalition**, a partnership of 18 US east coast states and Washington DC, which has secured its first contract through the marketplace, for US$400k with **Massachusetts Department of Transportation**.

* Source: Retently B2B sample of 10,000 B2B organisations.

CEO's Review continued

- Contract with the **state of Indiana** – for various proof-of-concept projects using 1Integrate and 1Data Gateway.
- Contract with **Highlander Tek** in the USA for licence fees for 1Integrate and 1Data Gateway, for US$90k, a geospatial platform that provides delivery-specific location information to streamline the shipping process from quote to delivery to payment.

These new clients provide secure long-term levels of ARR and excellent references and opportunities to increase revenues within these accounts.

Customer expansion contracts in the period, included:

- **Department of Environment, Food and Rural Affairs ('Defra')** to support the Land Management System, operated by Defra's **Rural Payments Agency ('RPA')**, in partnership with Version 1 – **£1.2 million over five years**.
- Another contract win with **Defra** and **RPA** to support its field collection system – £0.5 million **(£0.4 million licence over two years)**.
- Multi-year framework agreement with **Land and Property Services in Northern Ireland** in partnership with Version 1, to support the Department of Finance's ongoing programme of Digital Transformation.
- Managed service for a **major utility organisation in France** in support of the deployment of 1Water – **€0.3 million.**
- **US$1.4 million expansion contract with the state of California over four years** – secured in partnership with Rizing (now Wipro), a global SAP partner. The state of California is an existing client of 1Spatial, having already selected 1Spatial's Next Generation 9-1-1 solution.
- Additional services and licences for **Google Real Estate and Workplace Services — US$0.9 million (US$0.3 million licence).**
- In France, 32 existing customers have completed or commenced migration from the Group's legacy Elyx platform to Esri-supported solutions, including 1Water.

Smart partnerships

Partnerships have played a critical role in enabling us to secure new customers in the year, demonstrating the credibility of these businesses.

Key focus areas have been to identify and extend our relationships with large global corporates, where location data management forms part of a larger customer bid, and to extend our technology partnerships with Esri and other geospatial vendors such as Hexagon Geospatial.

Key partnership highlights include the signing of a teaming agreement (delivery partnership) with CGI Inc., one of the world's largest independent IT and business consulting services firms, to be a strategic delivery partner on a five-year contract with the Home Office. We also started working in partnership with ATOS, a global leader in digital transformation and Rizing (now part of Wipro), a global SAP partner. We secured a four-year contract with the California Department of Transportation ('Caltrans') which was won in conjunction with Rizing and is an indication that our strategic growth plan in the US continues to bear fruit.

Large global corporates

We are increasingly being selected as the data integrity provider within a consortium, cleansing the data before passing it back through wider systems. The depth of our data domain expertise and the enterprise grade of our software means we are one of the few technology partners able to work on the scale that our partners need.

New partners we have commenced work with this year include Atkins, QinetiQ and Landmark. We also strengthened our longstanding partnership with both Version1 and Ordnance Survey.

Technology partnership – Esri

Our long-term partnership with Esri is a key differentiator for us in many markets and provides a major opportunity as we build our own IP solutions. Esri is the global market leader in GIS with a network of over 2,700 partners around the world. We are engaging with our European contacts to showcase our Utility Network Migration Capabilities to different geographies across Europe.

Corporate activity

We will continue to identify potential strategic and bolt-on acquisitions to complement our organic growth.

People

The success of our business is a tribute to our employees' commitment and knowledge. We continue to invest in our people, providing them with the tools and training to support and allow them to realise their potential. The success of this is evidenced through our selection as one of the top 100 organisations featured on the 2023 UK's Most Loved Workplace®

list backed by Best Practice Institute ('BPI') research and analysis. This was based on our scores on their Love of Workplace Index™, which surveys employees on employee satisfaction and sentiment, including the level of respect, collaboration, support, and sense of belonging they feel inside the Company.

We continue to roll out mental health awareness training, internal events and initiatives to encourage staff to take time out from their working day and have appointed mental health first aiders. We kicked off our annual wellbeing month in September 2022 and held a range of activities including an employee volunteering community clean-up day in the UK.

We are always looking at ways to ensure equality and diversity across our Company and an inclusive, welcoming working environment for everyone. Over the past year, we have created global initiatives to celebrate: International Women's Day, Thanksgiving, Mental Health Awareness Week, Earth Day and Health and Happiness Month.

We continuously monitor the skills and expertise of the senior leadership teams across all of our regions. During the latter stages of FY23 and early part of FY24, we brought a highly experienced Sales Director into each of our European and US businesses. These individuals will enable us to deliver on the growing opportunities ahead of us and to ensure we have the ability to grow our sales pipeline across our key geographies.

During the year we carried out an employment engagement survey to determine employee satisfaction.

We were delighted with the overall results and feel that we have developed a great team spirit as an organisation. The survey showed that over 80% of our people are happy with their line manager relationship and feel respected and trusted by their line manager and peers and 70% of colleagues felt that they were regularly informed with relevant 1Spatial news. We will continue to survey the team and strive to improve our scores each year.

The teams continue to show ingenuity and commitment day-to-day, and live our values as revised in 2021: We Respect, We Innovate, We Collaborate, We Trust and We Care. As a Board, we thank them wholeheartedly; their ability to innovate continually whilst delivering the highest levels of customer satisfaction means that our growth pillars are built on very secure foundations.

Strategic priorities for the year ahead

As we move into our final year of our three-year growth plan, we will continue to invest in the business to take advantage of the huge opportunity ahead. Through the launch of our cloud platform in January 2023 , we have added a new layer of potential growth, targeting niche areas of the location market where we have identified significant demand and low levels of competition.

We will continue to grow our pipeline and invest in the business and our people to support our expanded customer base. The Group remains focused on increased revenue growth, underpinned by growing annual recurring revenue, increased profitability at adjusted EBITDA level and higher cash generation over the long-term.

Current trading and outlook

This year confirmed that 1Spatial sits right at the heart of numerous changes across multiple sectors. We secured a number of high-level wins, invested in our technology and sales team, and expanded our customer and partner networks to position the business to serve a range of customers globally.

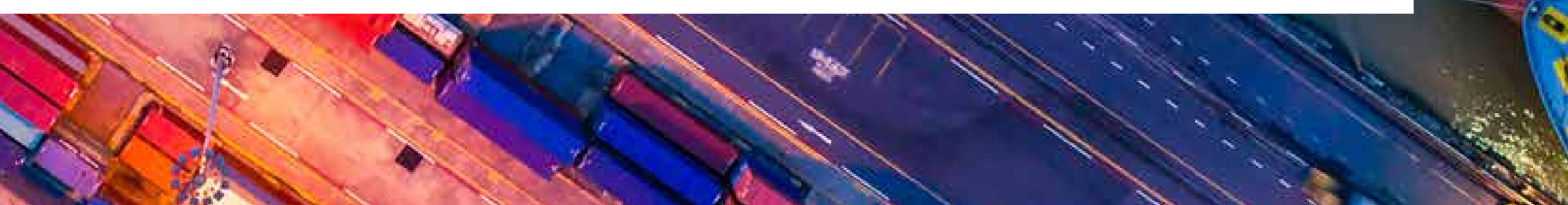
Looking ahead, we see multiple areas of significant opportunity, particularly in the US and for our new SaaS offerings. Through the launch of our cloud platform we are adding a new layer of potential growth, targeting niche areas of the location market where we have identified significant demand and low levels of competition. We believe these offerings have the potential to be transformational for 1Spatial.

Trading in the new financial year has begun positively. Our growing sales pipeline and increased levels of recurring revenue provide the Board with confidence in the Group's prospects, and we will continue to invest in our sales team and offering to capture what we believe to be a considerable long-term growth opportunity.

Claire Milverton

CHIEF EXECUTIVE OFFICER

25 April 2023



OUR STRATEGY

Building a highly scalable business based on our three strategic pillars

We have now completed two years of our three-year strategy, having made strong progress across all three pillars. We are proud of our world-class, dedicated, passionate and driven team of people who embody our brand values. Their ability to continually innovate while delivering the highest levels of customer satisfaction means that our strategic growth pillars are built on secure foundations.

INNOVATION

Be innovative in how we develop and use our core products and technology

Objectives

- **Data management solutions:** We will enhance our core 1Integrate rules engine, using new technologies to improve our competitive positioning.
- **Business applications:** We will develop and bring to market powerful business applications developed to meet our customer needs, focusing on the sectors in which we have extensive expertise and proven competitive advantage.
- **Cloud platform:** We will deliver our business applications quickly and efficiently. We will develop a scalable, multi-tenant cloud platform, which provides customers access to configured versions of our business applications.

Progress

- 1Integrate continues to evolve; we have added more powerful capabilities and enabled it to handle even more types of data and API access.
- 1Integrate can now validate data schemas (the structure of the data) as well as the data content, and we made it easier to define powerful schema transformations for data migration and ETL (extracting, transforming and loading of data) projects.
- 1Integrate's user interface is brand new, modernised following iterative usability testing to provide an improved user experience and increased productivity.
- The modern design is future-proofed for further enhancements, ready for release by Q2 2023.
- We added further enhancements to 1Data Gateway, including many security and enterprise integration capabilities, as well as containerised deployments.
- Our 1Streetworks Automated Traffic Management Planning Automation is already being trialled by several customers.
- We continue to evolve and roll out validation applications to support NG9-1-1 and Highways Performance Management System projects.
- Our Mobile capabilities – which enable the rules engine to be run on mobile devices – became more powerful with an improved user experience and went live with new customers.
- Our cloud capabilities continue to evolve for the global business and global marketplace, with streamlined deployments and advanced logging and analytics for our SaaS products and solutions.

Read more about our 1Spatial platform on **page 20**

FOR GROWTH

CUSTOMER RELATIONSHIPS

Be approachable through customer-guided innovation and market research

Objectives

- **Develop solutions to address problems:** We will leverage our customer relationships to identify business problems and develop business applications to solve them.
- **First to market:** We will be first to market with innovative solutions for wide-ranging business problems in our target markets.
- **Land and expand:** We will use our sector-specific business applications to secure new customers and expand our engagements through the cross-sell of additional solutions, 1Integrate and business applications.

Progress

- The success of our customer focus, combined with ongoing transition to term licencing, can be seen in the 18% growth in Annual Recurring Revenue ('ARR') driven both by new customer wins and expansion of existing customer accounts.
- New contract wins in five US states for various solutions, including our Next Generation 9-1-1 application, supporting our expansion strategy and growth in the USA.
- A key new contract win with HS2 (High Speed Rail), Europe's largest infrastructure project.
- A new major multi-year contract win with a leading European aerospace agency.
- An expansion contract with the state of California over four years.
- Two expansion contracts with the Department of Environment, Food and Rural Affairs ('Defra').
- An expansion managed service for a major utility organisation in France.
- A renewal of services for Google Real Estate and Workplace Services in the USA.
- A contract win with Highlander Tek in the USA.

Read more about our contract wins in our CEO's Report on **page 22**

SMART PARTNERSHIPS

Be smart in how we work with our partners

Objectives

- **Major tech and GIS Partners:** We will partner with major technology consultancies and GIS providers in complex customer programmes.
- **Software Partners:** We will collaborate with software platform providers such as Esri to enhance their offerings through the development of pre-built business applications.
- **Complementary domain expertise Partners:** We will partner with other organisations to enter adjacent industry verticals, where our location data expertise can complement their domain expertise.

Progress

- We've been selected as preferred providers on several frameworks, including the UK Home Office Strategic Delivery Partner Framework with CGI, and Atos' Horizons programme for SME partners.
- We have forged stronger relationships with leading technology consultancies including Infosys, Rizing, Enzen and PA Consulting.
- We continue to strengthen and expand our relationships with key players in the geospatial sector such as Esri, Hexagon, Ordnance Survey and Safe Software, as well as forging closer ties with our existing partners Atkins, Version1 and QinetiQ.
- We are actively collaborating with partners on several major projects, such as Atkins and Ordnance Survey on the National Underground Asset Register ('NUAR'), the state of California with Rizing (now part of Wipro), and with Version1 on Land and Property Services in Northern Ireland.

Read more about our partnerships on **page 34**

DRIVING INNOVATION

The Rural Payments Agency ('RPA') makes payments of over £2 billion per year to farmers, traders and land owners, to support farmers' incomes and rural development.

Rural Payments Agency, United Kingdom

Many farmers rely on these payments, therefore prompt, accurate payments are essential.

Data for the Rural Payment service is managed by the Land Management System ('LMS'), holding geospatial master data that includes 2.5 million land parcels and 3.4 million land cover records required to manage farm payments. It is supported by a team of land digitisers who convert farmers' paper submissions into geospatial data and manage any subsequent changes, updates or corrections. The LMS enables the verification of changes using remotely sensed geospatial data (such as aerial photography) and farm inspections.

Supporting digital and data driven decision-making

The Rural Payments Agency – and its sponsor, the Department for Environment, Food & Rural Affairs ('Defra') – have an aim of becoming more digital and data-driven; using data to support faster, more accurate decisions. To achieve this, the LMS data must be kept accurate and current.

1Spatial, in partnership with partners Version 1, was awarded the contract to support the management of geospatial data infrastructures to the LMS, and with Location Master Data Management.

"1Spatial's involvement has helped us meet our performance targets and move towards our goal of becoming an increasingly digital and data-driven organisation."

Brian O'Toole,
Geospatial Lead, Rural Payments Agency

Case study

Brian O'Toole
GEOSPATIAL LEAD
RURAL PAYMENTS AGENCY

FOR A SUSTAINABLE FUTURE

> "From the beginning, 1Spatial has impressed with its partnership approach, its engineering rigour and its geospatial expertise."
>
> **Brian O'Toole** – Geospatial Lead, Rural Payments Agency

Faster updates

Prior to 1Spatial getting involved, the validation of geospatial data updates was a major constraint on the system. Updates submitted by inspectors or from aerial photography needed validation by land digitisers. At the start of the contract, there was a backlog of hundreds of updates that required checking.

Using our experience of similar situations and with the support of our 1Integrate software, the 1Spatial team reviewed and updated the pre-existing automated data validation rules. Several improvements made automatic validation of data much more efficient.

As a result, a substantially increased proportion of data submissions was being checked and validated automatically, reducing the number requiring expert, manual intervention significantly. RPA's team of land digitisers could then focus their expertise on the remaining, more difficult exceptions.

The project resulted in a more accurate, up-to-date geospatial dataset, enabling better decision-making, while improved access to the updated geospatial dataset through services ensures a consistent approach to the digitising and editing of data.

FORGING STRONG

We have built solid and lasting relationships with customers across eight states in the USA, to help them respond to Next Generation 9-1-1 ('NG9-1-1'), a US Government-led initiative that involves a transition to using geospatial data for faster and more accurate 9-1-1 call routing.

Next Generation 9-1-1, USA

NG9-1-1 will enable first responders to receive essential location information from 9-1-1 calls, as well as improving the management of call overload in situations such as natural disasters. Transitioning to NG9-1-1 will improve 9-1-1 call handling and response times to dispatch life-saving resources to those in need.

State-wide data validation and integration are critical factors for success

State entities, cities, counties, and public safety answering points ('PSAPs') need to conform with specific standards to provide data to a private network that enables emergency services and data communications.

However, there are significant state-wide variations in data standards and a lack of coordination between jurisdictions. The process of identifying errors in their data is often a manual one, resulting in a significant investment in time and costs. Some entities have found that an automated solution can take years to be developed and deployed.

"We absolutely recommend 1Spatial. Not just because of the functionality they're providing us in terms of scalability and customisation, but also because of the culture of the organisation. The people that become part of your team are great to work with. They are curious, problem solvers, they have great senses of humour, and those are our favourite sorts of people to work with."

Natalie Lee – Geospatial Data Programs Manager, **State of Georgia**

Case study

Sheila Steffenson

CEO

1SPATIAL INC. USA

CUSTOMER RELATIONS

"At 1Spatial, we consider our customers as partners and our main priority. We are constantly looking for ways to enhance our offerings to better support them. We continually explore new opportunities where our rules can be enhanced and/or used in other use cases within our client or partner organisations, thereby creating additional value that extends further across the entity – and beyond NG9-1-1."

Sheila Steffenson – CEO, 1Spatial Inc. USA

Dedicated to solving our customers' problems

1Spatial's Public Safety NG9-1-1 solution combines its powerful rules engine 1Integrate with its 1Data Gateway self-service cloud platform to support these public safety entities in their data-readiness needs. Working closely with our customers, pre-configured rules have been aligned to relevant standards and state-specific requirements which identify exactly where the data requires adjustment, enabling users to immediately and accurately pinpoint problems and errors that can then be rectified quickly.

The completeness and accuracy of data is essential in an NG9-1-1 project

With the automated data validation process, the data is guaranteed to be accepted, reducing unnecessary reworks and providing assurance that calls are routed to the correct PSAP, thereby ensuring that the right emergency services teams are dispatched as quickly as possible.

Automated data validation

1Spatial's offering includes a configurable enterprise solution for state entities, as well as a more affordable, pre-configured Software-as-a-Service (SaaS) solution for cities and counties.

Trusted by eight US states

To date, we have delivered our configurable software and solutions to eight states: Arizona, Arkansas, California, Georgia, Michigan, Minnesota, Montana and New Jersey.

COLLABORATING

Our partners are leaders in their fields that share 1Spatial's ethos of making the world safer, smarter and more sustainable.

In the past year, we've taken significant strides in expanding and forging new partner relationships since appointing our dedicated partner manager, Warren Gilmour, in April 2021. Through our delivery partners, we've been selected as preferred providers for location data management projects on several frameworks, including the UK Home Office Strategic Delivery Partner Framework with CGI, and Atos's Horizons programme for SME partners. We have also forged stronger relationships with Infosys, Enzen, Version 1, QinetiQ and PA Consulting.

Moreover, we continue to focus on expanding our relationships with key players in the geospatial sector such as Esri, Hexagon and Safe Software.

"By harnessing technology to enable data sharing, we're able to transform how we deliver projects and infrastructure by unlocking improvements in safety, certainty and efficiency. Working with 1Spatial and the Ordnance Survey to develop the National Underground Asset Register is a truly exciting and transformative project for the infrastructure sector."

Guy Ledger, Digital Director, **Atkins**

"At Version 1, we consider 1Spatial to be an excellent strategic partner. Our businesses collaborate to deliver excellence to our customers; marrying our complementary competencies to create value-add propositions. Furthermore, our core values are closely aligned and demonstrated in our work together. Our partnership with 1Spatial is central not only to our work with our customers such as RPA, Defra and LPS but also to Version 1's broader growth strategy across the UK and Ireland's public sectors."

James Mayo, Senior Account Manager, **Version 1**

Case study

Warren Gilmour
GLOBAL PARTNER MANAGER
1SPATIAL

FOR GROWTH

“We continuously strive to deliver the very best solutions for our customers. Building and maintaining close relationships with partners means we bring additional value to our customers in areas where highly specialist domain knowledge and capabilities are key success factors. Harnessing these relationships, combined this with the power of our 1Spatial platform, means we can reach a growing platform of new customers and markets, and achieve a greater impact at scale.”

Warren Gilmour, Global Partner Manager, 1Spatial

National Underground Asset Register Project (‘NUAR’)

Client: Geospatial Commission
Partner: Atkins

1Spatial was appointed by engineering consultancy firm Atkins to support its data transformation and ingestion requirements for the NUAR project. The project is being led by the UK Geospatial Commission, supported by Atkins and UK mapping agency Ordnance Survey. NUAR will improve the efficiency and safety of underground works by creating a digital map of underground pipes and cables of England and Wales. The project, when complete, will revolutionise the way the UK installs, maintains, and repairs its buried infrastructure. The UK does not currently have a single platform that allows consistent access to data related to underground assets. More than 650 asset owners are required to share their data via 1Spatial’s online portal 1Data Gateway, while 1Integrate transforms the data from their source representation to a target NUAR data model. We are pleased that the first phase of the NUAR Project (National Underground Asset Register, also known as the MVP stage), has now been completed.

DELIVERING DOUBLE-DIGIT GROWTH IN

In FY 2023 the Group continued to build on foundations set in the previous year by delivering double-digit growth in annual revenues, future recurring revenues and adjusted EBITDA.

> "Group revenue increased by 11% (9% at constant currency) to £30.0m from £27.0m in FY 2022."

The improvement in the financial performance, notably in operating profit and profit before tax, has resulted in an increase of 112% in cash generated from operations to £5.4 million (FY 2022: £2.5 million). Increases in these key financial metrics have allowed the Group to continue significant investment into development of its proprietary technology.

Revenue

Group revenue increased by 11% (9% at constant currency) to £30.0 million from £27.0 million in FY 2022.

Recurring revenue

The business strategy is to grow revenue from repeatable business solutions on long-term contracts by increasing sales of term licences (rather than one-off perpetual licences) and increasing the proportion of recurring revenue compared to services.

As a result, excluding the impact of the reduction in perpetual licence revenue, the business achieved a year-on-year growth in total revenue of 15%. Recurring revenue, as a percentage of total revenue, increased to almost 50% (FY 2022: 45%). Revenue by type is shown below:

ARR

The Annualised Recurring Revenue ('ARR') increased by 17% from £13.4 million to £15.8 million as at 31 January 2023 with ARR attributable to term licences growing by £1.1 million. The growth rate varied by region with the US region growing at 59%, boosted by the several multi-year term licence sales. The overall renewal rate improved to 94% (FY 2022: 93%) providing a strong platform for the current year.

Revenue by type	**FY 2023 £m**	FY 2022 £m	**% change**
Recurring revenue	**14.76**	12.18	21%
Services	**13.52**	12.36	9%
Revenue (excluding perpetual licences)	**28.28**	24.54	15%
Perpetual licences	**1.72**	2.49	(31%)
Total revenue	**30.00**	27.03	11%
Percentage of recurring revenue	**49%**	45%	

ANNUAL REVENUES AND ADJUSTED EBITDA

Profit before tax

400%

2023 £1.0m
2022 £0.2m

Group Recurring Revenue

21%

2023 £14.8m
2022 £12.2m

Annualised Recurring Revenue

17%

2023 £15.8m
2022 £13.4m

ARR by region	FY 2023 £m	FY 2022 £m	% growth
UK/Ireland	**6.51**	5.93	10%
Europe	**5.49**	4.79	15%
US	**2.22**	1.40	59%
Australia	**1.56**	1.32	18%
Total ARR	**15.78**	13.44	17%

Committed revenue

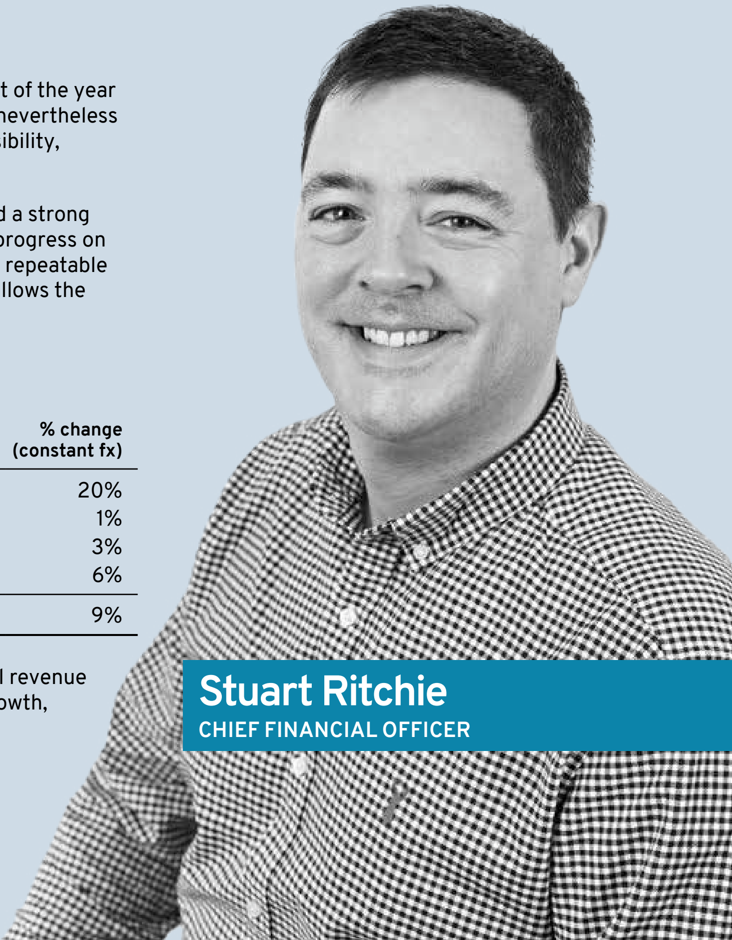
The level of committed services revenue, which has reduced since the start of the year as services revenue on the major projects we won last year is recognised, nevertheless remains high at approximately £10 million and provides strong revenue visibility, underpinning the Group's strong financial footing.

The combination of growing ARR, committed services revenue backlog and a strong pipeline of prospects means that the business is on track to make further progress on its revenue growth plan. With the business focus on developing and selling repeatable software solutions, there is an increased level of revenue visibility, which allows the Board to continue to invest with confidence.

Regional revenue

Regional revenue	FY 2023 £m	FY 2022 £m	% change	% change (constant fx)
UK/Ireland	**11.92**	9.93	20%	20%
Europe	**11.01**	10.88	1%	1%
US	**4.30**	3.72	16%	3%
Australia	**2.77**	2.50	11%	6%
Total revenue	**30.00**	27.03	11%	9%

Revenue (at constant currency) grew organically in all regions, with overall revenue growth of 11%. The UK/Ireland region had a further year of double-digit growth, with a revenue increase of 20%.



Stuart Ritchie
CHIEF FINANCIAL OFFICER

CFO's Review continued

In Europe, revenue was impacted by the timing of closing contracts during the year and a slower transition to a recurring term licence model than anticipated. This resulted in modest growth of 1% at constant currency. The US had a strong year with a large increase in sales of term licences, increasing total ARR by 59%. Combined with a lower level of services, the revenue growth in the year in the US was more modest than in previous years at 16%. In Australia, where revenue is primarily derived from third-party software deals, we experienced more competitive pricing pressure, combined with the transition from perpetual to term licences, which resulted in only 6% growth in revenue at constant currency. Going forward, all regions will continue to focus on increasing sales of higher-margin owned technology sold as term licences.

Gross profit margin

The gross margin grew by 11% but gross margin % was the same as the prior year at 52%. The Board approved expenditure increases in sales and delivery capacity in order to secure higher value contracts; and increased spending on R&D, which is included within the cost of sales, is expected to yield higher gross margins in future years. Going forward, the management team are also focused on driving improvements to gross margin through revenue growth of higher margin term licences and SaaS solutions.

Adjusted EBITDA

The adjusted EBITDA increased by 19% to £5.0 million from £4.2 million in the prior year resulting in a higher adjusted EBITDA margin of 16.7% (FY 2022: 15.5%). Cost management remains an important focus and expenses are constantly reviewed to ensure the level is appropriate for the structure of the business during this growth phase.

Strategic, integration and other non-recurring items

Included within strategic, integration and other non-recurring items are costs amounting to £0.2 million relating to the change of the Chief Financial Officer ('CFO') in December 2022. Costs include all payments due to the outgoing CFO on exit together with any professional services fees incurred in onboarding his replacement, drafting of contracts, share options and tax advice.

Operating profit and profit before tax

The Group achieved an operating profit of £1.3 million (FY 2022: £0.4 million) and profit before tax of £1.0 million (FY 2022: £0.2 million), representing a further year of significantly improved profitability for the Group compared to the prior year.

Taxation

The net tax credit for the period was £14k (FY £0.2 million). The 2022 tax credit is as restated following a prior year adjustment leading to the creation of a deferred tax asset.

Balance sheet

The Group's net assets increased to £17.4 million at 31 January 2023 (2021: £15.5 million), mainly due to the overall profit after tax adjusted for currency differences in reserves.

Trade and other receivables increased in the year to £14.2 million (FY 2022: £12.3 million), mainly due to increased accrued income at year-end and timing of invoicing and payment receipts attributable to the increased level of revenue. Trade and other payables increased in the year to £15.8 million (2022: £13.3 million) due to timing of payments around year end and increases in the levels of recurring cost around the Group.

Cash flow

Operating cash inflow (before strategic, integration and other non-recurring items) increased significantly to £5.4 million (2022: £2.8 million) due to continued focus on improving working capital on larger projects, resulting in a significant improvement in free cash flow in the year. As part of the three-year growth plan, the Group has been investing in expanding the sales and delivery team and investment in product development and this impacted the operating cash flow and free cash flow as shown below.

Operating cash flow	**FY 2023 £'000**	FY 2022 £'000
Cash generated from operations	5,352	2,497
Add back: Cash flow on strategic, integration and other non-recurring items	48	294
Cash generated from operations before strategic, integration and other non-recurring items	**5,400**	**2,791**

Free cash flow	**FY 2023 £'000**	**FY 2022 £'000**
Cash generated from operations before strategic, integration and other non-recurring items	5,400	2,791
Net interest paid	(210)	(134)
Net tax received	179	176
Expenditure on product development and intellectual property capitalised	(3,854)	(2,449)
Purchase of property, plant and equipment	(163)	(164)
Lease payments	(1,099)	(1,088)
Free cash flow before strategic, integration and other non-recurring items	**253**	**(868)**
Cash flow on strategic, integration and other non-recurring items	(48)	(294)
Free cash flow	**205**	**(1,162)**

Investment in R&D

Development costs capitalised in the year increased to £3.9 million (FY 2022 £2.4 million) as the business has increased its investment in its technology and business solutions. The key areas where spending increased were on the cloud platform for solutions such as Traffic Management Plan in the UK and NG9-1-1 in the US, and other technology such as 1Integrate, 1Data Gateway, 1Telecoms and 1Water. Amortisation of development costs was £1.6 million (FY 2022 £1.7 million).

Financing

The Group's financial position is supported by long-term bank loans. As the number of higher value sales contracts has increased, the Board decided to put in place a £3 million Revolving Credit Facility. The facility, arranged in June 2022, is committed for three years and priced on competitive terms. The facility was undrawn as at 31 January 2023 and 25 April 2023.

At the end of January 2023, the remaining principal balance outstanding on the long-term loans was £2.0 million (2022: £2.4 million). The amount repayable in FY 2024 is approximately €0.7 million (£0.6 million). With a gross cash position of £5.0 million at 31 January 2023 (FY 2022: £5.6 million), a growing adjusted EBITDA and positive operating cash generation, the business is in a healthy financial position, which gives the Board the confidence to continue to invest.

Going forward, the Board and management teams are focused on increasing revenues, in particular recurring revenues, whilst improving the Group's profitability and cash generation.

Alternative Performance Measures

Throughout this Annual Report, certain analyses include Alternative Performance Measures ('APMs') which are not defined by generally accepted accounting principles (GAAP) as defined under UK-adopted international accounting standards or other generally accepted accounting principles. We believe this information, along with comparable GAAP measurements, is useful to investors because it provides a basis for measuring our operating performance. Our management and Board of Directors uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliation to relevant GAAP measures. Reconciliations are provided in note 2 to the consolidated financial statements on page 78.

APMs have been provided for the following reasons:

- to present users of the Annual Report with a clear view of what we consider to be the results of our underlying operations, aiding the understanding of management analysis and enabling consistent comparisons over time
- to provide additional information to users of the Annual Report about our financial performance or financial position

Stuart Ritchie

CHIEF FINANCIAL OFFICER

25 April 2023

The following APMs appear in this annual report

	APM	Explanation of APM
1	Recurring revenue (s)	Recurring Revenue is the value of committed recurring contracts for term licences and support & maintenance recorded in the year.
2	Annualised recurring revenue ('ARR')	Annualised Recurring Revenue ('ARR') is the annualised value at the year-end of committed recurring contracts for term licences and support & maintenance.
3	Adjusted EBITDA	Adjusted EBITDA is a company-specific measure which is calculated as operating profit/(loss) before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charge and strategic, integration, and other non-recurring items.
4	Operating cashflow	Operating cashflow is a company-specific measure which is calculated as cash generated from operations excluding cash flow on strategic, integration and other non-recurring items.
5	Free cashflow	Free cash flow is defined as net increase/(decrease) in cash for the year before cash flows from the acquisition of subsidiaries, cash flows from new borrowings and repayments of borrowings and cash flow from new share issue. But excludes lease liabilities.
6	Net cash	Net cash is gross cash less bank borrowings.

OUR ESG

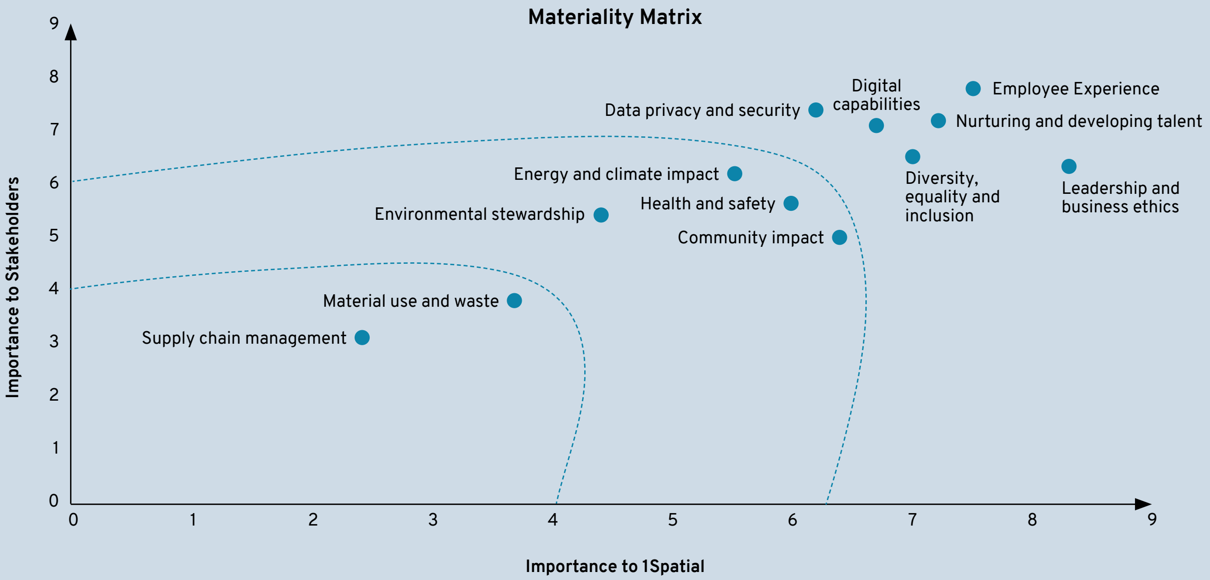
There has never been a better time for technology and expertise to come together and address the ESG challenges facing businesses today. Our purpose is to help customers make confident and informed decisions by unlocking the value of location data for a safer, smarter and more sustainable world. We are proud to be helping our clients and partners speed up their transitions to Net Zero and jointly find solutions to a more sustainable future for all.

In this journey towards improved sustainability, we are committed to transparency. Operating responsibly to deliver innovation is core to our beliefs, and we recognise that ESG accountability not only governs what we do and how we do it but extends to our supply chain, customers, communities and the planet.

MATERIALITY ASSESSMENT

A materiality assessment is an important step toward assessing an organisation's present understanding and future preparation toward ESG initiatives. In FY 2023 we finalised our ESG material priorities list after collaborating with a broad range of internal and external stakeholders to gather feedback on important and relevant ESG topics with the greatest potential impact.

This included gathering information from key leaders, partners, employees, investors and customers; to inform this work and ensure that we are aligning with our strategy, supporting business growth while positively impacting stakeholders. We identified 13 material issues that have been plotted on the below graph by order of importance to either stakeholders or the business.



STRATEGY

The Process

Following the materiality assessment, we grouped the 13 issues into four focus areas, upon which we based our sustainability framework. We engaged with business leaders across the four focus areas to develop our ESG commitments and targets. We then presented the ESG strategy to our senior management team and Board for approval.

The ESG Steering Committee

Our cross-functional ESG team includes leaders from across the business that set our ESG priorities and pave the way to increasing 1Spatial's ESG impact.

The team comprises:

Ben Crowther, Technical Author

Robert Chell, Chief Product Officer

Julia Dutton, Global Head of Marketing

Claire Milverton, Chief Executive Officer

Seb Lessware, Chief Technology Officer

Lianne Tydeman, Group Financial Controller

Gavin Jolley, IT Infrastructure and Environment Manager

Mahima Gupta, UK Head of People

Jessica Sims, Global Head of People

Stuart Ritchie, Chief Financial Officer

In addition to the above individuals, input is sought from the Group's country managers and their teams in the US, France and Australia.

OUR ESG OBJECTIVES

With FY2022 being our baseline year, we recognise that the efforts described in this report are part of an ongoing journey and require continuous commitment, reviews and improvement. As we move forward, we will adjust and iterate to develop pragmatic and workable solutions that address the needs of our stakeholders.

- Planet
- People
- Products
- Practices

Set out in the following pages are our ESG objectives, split into four categories of Planet, People, Products and Practices.

PLANET – EMBRACING

Energy and climate impact

- Work towards compliance with the recommendations of our Carbon Reduction Plan* in the UK.
- Continue to monitor our carbon inventory and extend carbon assessments to other regions, as well as undertake a Scope 3 assessment and full Net Zero roadmap for our UK operations and value chain in FY23/24.
- Establish short-term carbon reduction initiatives in the UK in FY23/24, rolling this out to other regions in the next two years.

Environmental stewardship

- Contribute to environmental projects through sponsorship or donations.
- Develop a sustainable travel policy globally by January 2024.
- Achieve 100% awareness organisation-wide about our ESG strategy and associated carbon reduction group efforts through a staff engagement programme in FY23/24.

Material use and waste

- Create awareness about waste reduction and recycling across all our offices globally in FY23/24.
- Maintain compliance with ISO:14001-2015 (the environmental management standard) and relevant compliance obligations in the UK.

OUR PROGRESS SO FAR

Carbon inventory

A carbon inventory is a collection of all sources of carbon the entity produces or is responsible for in the process of conducting its operations. The primary metric is carbon dioxide equivalent (CO_2 e). Emissions are broken down into three categories, per the Greenhouse Gas ('GHG') Protocol.

Scope 1

All direct emissions from the activities of an organisation or under their control. Example: Fuel combustion on-site such as gas boilers, fleet vehicles, and air-conditioning leaks.

Scope 2

Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3

All other indirect emissions from activities of the organisation, occurring from sources that they do not own but impact. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste generation, and product manufacturing.

The following guidelines were used:

- Carbon Reduction Plan – In accordance with the UK Government Procurement Policy Note 06/21
- Streamlined Energy and Carbon Reporting Requirements ('SECR')
- Greenhouse Gas Protocol

Our baseline carbon emissions are depicted in the table above, according to PPN 06/21.

1Spatial's UK Carbon Reduction Plan was published in September 2022 to comply with the UK Government Procurement Policy Note 06/21 and sets out our commitment to achieving Net Zero emissions by 2050. **Note: The Carbon Reduction Plan includes additional sub-categories from Scope 3, in line with PPN 06/21.**

Our UK Baseline Carbon Emissions – FY2022 (PPN 06/21)

In accordance with our Carbon Reduction Plan, UK baseline emissions in the financial year of 1 February 2021 to 31 January 2022 were 64.4 tCO_2e. To continue our progress of achieving Net Zero by 2050, we have adopted the following carbon reduction targets. We will undertake a review of these during the coming financial year with a detailed Net Zero strategy.

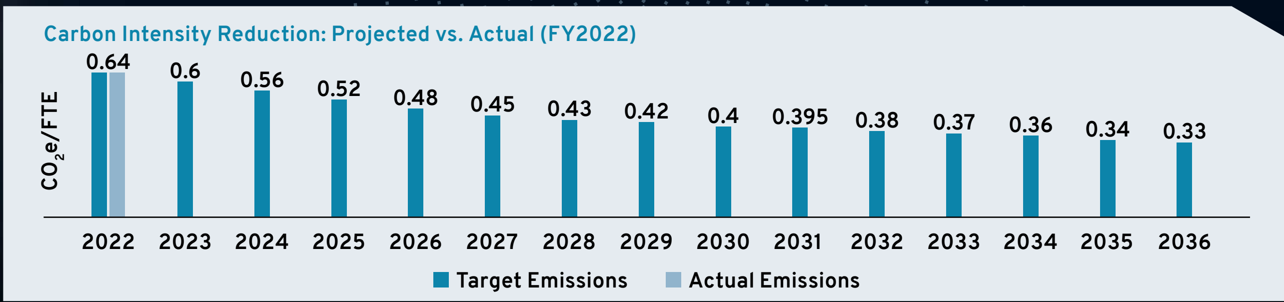
We project that the intensity of our total carbon emissions will decrease over the next fifteen years to 0.3 tCO_2e/FTE (full time equivalent employee) by 2036. This is a reduction of 50%.

This is broken down into separate targets for our Operational and Value Chain emissions:

a) We project that our Operational carbon emissions in the UK will decrease absolutely over the next five years by 4.2% each year (a total of 21% by 2027)

b) We project that our Value Chain carbon emissions will decrease in intensity over the next five years by 7% each year (a total of 30% by 2027).

OUR RESPONSIBILITY



SECR: Second year of reporting – FY2023

We undertook our second SECR assessment for the period 1 February 2022 to 31 January 2023, the results of which can be found in the table on the next page.

Our Scope 1 and 3 direct emissions (combustion of natural gas and transportation fuels) for this year of reporting are 16.76 tCO_2e, resulting from the direct combustion of 71,988 kWh of fuel. This represents a carbon increase of 240.07% from last year (Figure 1). This increase is due to a return to "business as usual" following the relaxation of COVID-19 restrictions, with staff travel and event attendance once again resuming and returning to pre-pandemic levels, in addition to an increase in overall full-time employees.

Scope 2 indirect emissions (purchased electricity) for this year of reporting are 32.29 tCO_2e, resulting from the consumption of 166,959 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 11.79% from last year (Figure 1).

Our operations have an intensity metric of 0.40 tCO_2e per staff number for this reporting year. This represents an increase in the operational carbon intensity of 0.17% from our previous reporting year.

OTHER ACTIONS

- During the FY 2023/2024 we plan to undertake a Scope 3 carbon emissions analysis of our UK operations and value chain.
- We are committed to ensuring that our UK operations meet the ISO 14001:2015 standard, which is an accepted international framework for environmental management.
- We plan to conduct a Scope 1 and 2 carbon emissions analysis of our US, French and Australian operations during FY 2024.
- Development of a formal global policy around waste management, recycling and sustainable travel.
- In terms of short-term carbon reduction measures, The Crown Estate have funded energy saving works on the head office building in the UK which included:
  - installation of PIR sensors on toilet lights
  - removal of gas radiators in toilets and atrium and replacement with electric heaters
  - reduction of temperature in common areas by 1 degree
  - replacement of water heater in plant room for a more energy efficient electric version

SECR REPORT – STREAMLINED ENERGY AND CARBON REPORTING

Table 1: 1Spatial plc UK Total Energy Consumption (kWh)

Utility and Scope	2022 Consumption (kWh)	2021 Consumption (kWh)
Scope 1 Total	**10,077**	**4,977**
Gaseous and other fuels (Scope 1)	2,861	3,870
Transportation (Scope 1)	7,216	1,107
Scope 2 Total	**166,959**	**172,378**
Grid-supplied electricity (Scope 2)	166,959	172,378
Scope 3 Total	**61,922**	**16,996**
Transportation (Scope 3)	61,922	16,996
Total	**238,957**	**194,350**

Table 2: 1Spatial plc UK Total Location-based Emissions (tCO_2e)

Utility and Scope	2022 Emissions (tCO_2e) Location-based	2021 Emissions (tCO_2e) Location-based
Scope 1 Total	**2.26**	**0.97**
Gaseous and other fuels (Scope 1)	0.52	0.71
Transportation (Scope 1)	1.74	0.26
Scope 2 Total	**32.39**	**36.6**
Grid-supplied electricity (Scope 2)	32.29	36.6
Scope 3 Total	**14.5**	**3.96**
Transportation (Scope 3)	14.5	3.96
Total	**49.04**	**41.53**

ENERGY EFFICIENCY NARRATIVE

We are committed to year-on-year improvements in our operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2021/22

Tennyson House

The Crown Estate has funded energy saving works on Tennyson House (head office building) recently:

- Installation of PIR sensors on toilet lights.
- Removal of gas radiators in toilets and atrium and replacement with electric heaters.
- Reduction of temperature in common areas by one degree.
- Replacement of water heater in plant room for a more energy efficient electric version.

Measures prioritised for implementation in 2022/23

Long-term targets

Over the last year, our focus has been on formalising policy and long-term targets, as well as identifying strategic ESG goals:

- Developed a Carbon Reduction plan to the standard of PPN/0621.
- Developed a comprehensive ESG strategy which includes measurable targets.

Reporting Methodology

This report (including the Scope 1, 2 and 3 consumption and CO_2e emissions data) have been developed and calculated using the GHG Protocol – *A Corporate Accounting and Reporting Standard* (World Business Council for Sustainable Development and World Resources Institute, 2004); *Greenhouse Gas Protocol – Scope 2 Guidance* (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); *Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance* (HM Government, 2019).

Table 3: 1Spatial plc UK Emissions Intensity Metric

	Location-based tCO_2e	
Utility and Scope	2022	% Change
All Scopes tCO_2e per Staff Number	0.4	0.17%

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for reporting period 01/02/2022 – 31/01/2023.

All consumption data for 1Spatial plc was complete for the reporting period. Therefore, no estimations were required.

The significant jump in transport consumption this reporting period in comparison with the previous reporting period can be attributed to an increase in operations and return to usual business activities following the impact of lockdown due to COVID-19.

Intensity metrics have been calculated using total tCO_2e figures and the selected performance indicator agreed with 1Spatial plc for the relevant report period.

Staff number

18.4%

2022 122

2021 103

PEOPLE – PASSIONATE ABOUT

Diversity, Equity and Inclusion

- Provide a diverse and inclusive working culture for all which includes:
  - Fair pay for all staff
  - Health and wellbeing support to promote the mental, physical and financial wellbeing of all of our employees.
- Maintain a 30% target for women in leadership roles over a three-year period.

Employee experience

- Undertake employee satisfaction assessment with at least 85% participation globally, to set targets for improvement.
- Assess and encourage positive relationships between both line managers and peers through regular check-ins and employee feedback.

Nurturing and developing talent

- Establish formal Learning and development plans for at least 80% of employees in FY23/24.
- Offer relevant training opportunities to all employees.

Community impact

- Create opportunities for employees to participate in volunteering days, with a target of 70% of employees taking part in one volunteering day per year (where events are local to employees).
- Provide formal recognition through global corporate communications of employees who participate in charitable causes.

MAKING A DIFFERENCE IN THE WORLD

OUR PROGRESS SO FAR

Whether supporting humanitarian relief, improving water sanitation or managing flood defences, our team delivers results that make a real difference to people's lives. Our motivation is rooted in our desire to help users realise the power of their data to make better decisions that benefit us all – from enabling the emergency services response, to ensuring the safe supply of water and gas.

We are proud of our selection to Newsweek's Top 100 Most Loved Workplaces in the UK list, and we are using the information from our first global employee engagement survey to improve our overall employee experience.

We strive to create a culture where our employees feel engaged and motivated. Our ability to recruit and retain key staff is critical to delivering on our strategy. We have appointed a dedicated recruitment team to help source highly skilled individuals to our key offices, and this year we will be undertaking a global employee benefits assessment review.

In addition, we implemented a new recruitment platform and updated the careers section on our UK website to support the team in securing candidates for specific roles.

We recognise that people are our most important asset, and we aim to create an environment that cultivates excellence, promotes our values and encourages diversity. We continue to embed our new values through communication and awareness programmes, including our 1Awards programme that recognises outstanding contributions by employees who embody our values.

When asked to provide input into our ESG strategy, employees listed 'Employee experience' and 'nurturing and developing talent' among their top three material issues. We have now set goals and objectives for these two key areas in our ESG framework. We also undertook an employee engagement survey towards the end of 2022 and plan to use the insights gained to address employee needs. Overall, 84% of employees responded to the survey.

We continue to identify employee needs and craft appropriate solutions to meet global and regional expectations. In May 2022, members of our leadership team visited our Tunisian office to solidify our values and get further insights into the employee experience in this region. Feedback from this trip will be used to tailor-make regional employee benefits in line with regional expectations. We also celebrated global wellbeing in September and October, with a range of hybrid and in-office events such as team building activities, physical and mental wellbeing sessions and an online talk by a mental wellbeing expert.

Read more about the results of the employee engagement survey **page 10**

PRODUCTS – DELIVERING EFFICIENCIES

Digital capabilities

- Take a "cloud first" approach to product development, including deployment options via SaaS, delivering computer power in a serverless way to allow more control over energy consumption through executing automation processes on demand.
- Simplify and minimise data-handling to avoid unnecessary data usage which can slow systems down, adds no value to the data, introduces extra cost and energy consumption. Formalise a process in our integrated management system.
- Maintain "privacy and security by design" in our products. Carry out Penetration testing of all SaaS products where required, and follow recommendations.

AND CONFIDENCE IN DATA

OUR PROGRESS SO FAR

We continue to deliver products and services that help organisations achieve their Net Zero goals, but to do so responsibly means also mitigating the embodied climate impact of our products. Reducing climate risks from our products is therefore at the core of our business model and ESG strategy.

This year we established a dedicated cloud team to help us focus on how we go to market, improve our SaaS competencies and deliver the maximum value for our customers, using the minimal amount of computing power.

As we move to launch our next major release of our flagship product, 1Integrate, we have worked hard to ensure we are ready for the planned penetration testing over the next financial year, to ensure we continue to maintain privacy and security by design.

PRACTICES – COMMITTED TO ACCOUNTABILITY

Data privacy and security

- Aim to achieve ISO 27001 industry certification in our UK office (a “gold standard” for how data security is managed and enforced) in the next 18 months.
- 100 % of global staff to complete cyber security staff awareness training every six months.
- Continue ensuring staff awareness around data retention and data handling policies and processes to minimise the risk of data breaches.

Compliance and regulation

- Maintain compliance with all relevant corporate governance and company law regulations.

Health and safety

- Provide a safe and healthy working environment for all, ensuring all office environments comply with local health and safety regulations.

Leadership and business ethics

- Create ongoing opportunities for the development of leaders through informal learning, training, assessments and mentoring or coaching where relevant.
- Launch the company Code of Conduct and ensure 100% of employees and Directors are briefed on the code in FY2023/2024.

Supply chain management

- Undertake an assessment of critical suppliers* to our operations in the UK to ensure they meet our supplier standards, relating to regulatory requirements, Code of Business Conduct, information security arrangements, supply chain management and carbon emissions information.

* Critical suppliers: suppliers whose products or services have a direct impact on the ability of 1Spatial to satisfy customers’ requirements, with a meaningful level of spend.

AND TRANSPARENCY

OUR PROGRESS SO FAR

This year we launched a Company Code of Conduct and revised our supplier standards to contribute to achieving our ESG objectives. We continue to focus on the importance of data privacy and cyber security, with staff awareness programmes managed and monitored regularly, while making good progress towards achieving ISO/IEC 27001 certification, a gold standard in information security management best practice.

We are planning to launch our new supplier assessment process during the financial year, which will request details on information security, supply chain management and environmental impacts. We will also ensure suppliers sign our code of business conduct and confirm compliance with the relevant legislation. Moreover, we publish specific policy statements for different areas such as anti-bribery, public interest disclosure (whistleblowing), Modern Slavery Act, equality and diversity, environmental management, quality management and health and safety. For more information see: https://1spatial.com/legal/

The management of the business and the execution of the Group's strategies are subject to a number of risks. In the opinion of the Board, the principal business risks affecting the Group, and the controls and mitigation to manage these risks, are as follows:

Principal risk	Potential impact	Mitigation and controls
Macro economic or political changes (e.g. escalation of war in Ukraine) and impact on customers and operations	With the uncertainty across global markets emerging from the COVID-19 pandemic, which is now exacerbated by the war in Ukraine and the impact in particular on the global energy markets, there is the risk that companies and government agencies are under more pressure to reduce spending budgets. New projects may require a more robust business case before investing in technology and services which could impact or lengthen deal sales cycles and reduce deal size.	Whilst there are macro economic risks, they may provide an opportunity for 1Spatial. The large fiscal stimuli in major economies and the green agenda may also provide a cushion to these risks. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' total costs in the long run. The Group is also mitigating this risk by looking to diversify the industry sectors and geographies in which it operates.
Key management and employees may leave the business	There is a risk that key management and employees leave the business, having a detrimental effect on the operations of the business.	In order to mitigate this risk, the Group aims to create a rewarding working environment that will help retain staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation. The Group has an established employee share plan which key employees participate in. Further awards are planned in future years to incentivise management and employees. This is part of the reward structure to deliver long-term value and align the interests of key people with those of the Company's shareholders. We continuously monitor and seek feedback on our employees' workplace health and wellbeing including mental health. As described in the People Report on page 10, we conduct regular office-based events to foster engagement with our staff and encourage our people to participate in anonymous surveys to enable the organisation to continuously improve as an employer.
Reliance on key customers	The Group has traditionally had some client concentration and over reliance on certain key customers. There is a risk with this narrow approach that disruption within one or two clients can have an adverse effect on overall Group performance.	The Group continues to invest in its relationships with key customers that it has successfully retained over many years, while also maintaining a strategy to extend and diversify its customer base. The shift to subscription-based (term licence) revenues from perpetual licences across the Group will also reduce the financial impact of peaks and troughs that can occur with any individual key customer project delays.
	There are also risks that arise from signing higher value contracts and managing the relationship with customers through partners on larger projects, as well as managing the recruitment of additional resources, project scope and ensuring profitable delivery.	We continue to invest in the relationships with our key partners, which we see as core to our growth strategy. As part of this we have recruited a global partner manager to focus on managing our key relationships in a more professional way. We have also recruited a Chief Commercial Officer who is focusing on managing our project delivery and exploring ways that we can improve our project management. As recurring revenue from term licences increases, the percentage of annual revenue that is at risk from any disruption from key customers will be reduced.

Principal risk	Potential impact	Mitigation and controls
Growth management	The Group is focused on revenue growth – both organically, through the launch of new SaaS solutions and potentially through acquisitions – to increase our market reach in the geographies that we currently operate in, as well as the solutions that we offer in those geographies.	The business development strategy is closely monitored by the senior team and the Group's pipeline of opportunities is regularly reviewed at sales and Board meetings.
	Organic growth	
	If the Group is unable to manage expansion effectively, its business and financial results could suffer. There are potential risks to achieving revenue growth from competitors with open system offerings and similar solutions. There are also greater challenges arising from managing larger, longer-term complex projects.	The investment in core solutions together with the development of new business applications, particularly those delivered through the cloud, will enable the Group to scale more rapidly. The risk of poor project management and overruns has been mitigated by the recruitment of a Chief Commercial Officer whose remit includes improving management of project delivery and services financial performance.
	Growth from sale of new SaaS solutions	
	Over the last number of years, we have devoted investment and resources to developing our SaaS offering, primarily the TMPA and NG9-1-1 products. We believe there is a significant market opportunity in these areas and limited competition. These products are substantially complete. Despite the go-to-market strategy that we have developed, there is a risk that the revenue we generate could be slightly delayed.	In order to mitigate this risk to an acceptable level, we have subjected these products to extensive internal testing and are in the process of trialling them with a number of key prospects. Very positive feedback on the trials and on the demonstrations at industry events has been received to date.
	Inorganic growth	
	The risks associated with inorganic growth include the delivery of market penetration through the integration of the acquisitions, conversion of leads to sales, and control of increases in fixed operating costs to support revenue growth.	Additionally, we have engaged a number of industry experts and sales professionals to focus specifically on market development and deal closure. The successful integration of any acquisition is a key Board priority to ensure that it brings the required synergies and benefits to the Group. The Group conducts rigorous due diligence as part of any potential acquisition to ensure financial, operational and technological aspects are understood.

Principal Risks and Uncertainties continued

Principal risk	Potential impact	Mitigation and controls
A major technology failure may adversely disrupt operations	Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure could seriously disrupt operations, including the provision of customer services, and result in a decline in revenues.	The Group continues to invest in resources to enhance site resilience and defences, improving network monitoring and reviewing the incident response processes to mitigate the impact of a security breach.
A data breach may adversely impact operations and damage business reputation	Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure could result in the loss or misuse of sensitive information, including client data. Legal or regulatory breaches could result in potential liability, and reputational damage among the customer base leading to a decline in revenues as well as significant penalties or fines.	The Group continues to invest in technical and security resources and regularly reviews its information security policies and procedures to ensure it reduces the risk, and mitigates the impact, of any potential data security breach. The Group has ISO 9001 (QMS Quality Management System Certification) accreditation in some countries.
Reliance on key software partners	The Group works with key partners in each geospatial market to provide customers with software and services. Our software tools can be bought stand-alone or within our partners' platforms. The Group therefore has reliance on maintaining good relationships with key partners to provide software and services to customers. There is a risk that these partners may have application software issues that impact 1Spatial's ability to deliver projects on time and to budget.	The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year. Escalation routes are established to ensure any issues can be mutually resolved quickly. The management team works with each partner to identify points of collaboration to achieve, wherever possible, a win for both companies.
Loss of intellectual property	Failure to protect the Group's intellectual property may result in another party using its proprietary technology without authorisation.	The Group's intellectual property is protected in the USA by a patent. The source code for all 1Spatial software is securely stored and backed-up in Atlassian's BitBucket, a leading industry-standard cloud-based source code repository system. In order to minimise the disclosure of intellectual property outside the organisation, the Group relies on confidentiality agreements with its employees, customers, suppliers, consultants and others to protect its intellectual property rights. These are backed up with strict operational IT policies for user offboarding which are audited and compliant with ISO 9001 and Cyber Essentials Plus.

Principal risk	Potential impact	Mitigation and controls
Managing inflationary cost pressures	As the risk of increasing inflation (and indeed, potential stagflation) affects our costs, primarily salary costs of our workforce, there is a risk that the Group's profitability will suffer.	In order to minimise inflationary risks to profitability, we have reviewed all our charge-out rates for consultants, country by country, as well as product and solution prices and applied increases accordingly. Where applicable, we have amended sales contract terms to ensure inclusion of appropriate RPI increases. We have undertaken salary benchmark reviews in order to ensure that we continue to pay competitively. Where we have core software solutions that we use to support the business, we have sought to lock in prices on a longer-term contract basis, where it makes commercial sense to do so.
Pandemic (e.g. COVID-19) disrupts business operations	The impact of further lockdowns and extended social distancing restrictions that may result as a consequence of the ongoing global pandemic, could have an impact on the ability of employees to deliver services and support to customers. It could also impact our ability to generate new business, given the limited ability to host physical user events for our customers and attend industry exhibitions and events. A continued or new future lock-down of customer offices may reduce our ability to carry out our consulting services and delay or reduce income during these restrictions.	We successfully facilitated a move to remote working across all our sites in March 2020, enabling the Board to function and management teams and staff to maintain engagement with our customers and key stakeholders. In the last two financial years we successfully continued to evolve a hybrid approach to operations and client delivery. We provided our customers with user events on a virtual basis during this time through webinars and also attending events and exhibitions on a virtual basis, although in-person or hybrid events are now returning.
Currency fluctuation	As an international Group, with revenue and costs in foreign currencies, the financial results are exposed to currency movements, predominantly US$ and EUR.	The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies. There is a high degree of natural hedging of revenues with costs in overseas operations. Any residual currency exposure is managed by using spot and forward currency contracts to offset that risk as soon as the currency exposure is known with reasonable certainty.

The Directors have fulfilled their responsibilities under Section 172 of the Companies Act 2006, which requires them to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Engaging with stakeholders is very important to 1Spatial and in this section we explain in more detail how 1Spatial does this. We understand that effective engagement with stakeholders at Board level is crucial to fulfilling 1Spatial's purpose.

The essentials of our care for the workforce and community and other stakeholders, as well as continued commitment to leadership, corporate governance, effective decision-making and access to relevant and timely information remain our priority. These factors are especially important today.

The likely consequences of any decisions in the long term

The Board has three strategic growth pillars for FY23 and beyond, which are: innovation, customer relationships and smart partnerships. These pillars reflect the need to consider the interests of our staff and the need to keep pace with market initiatives and technological changes, so the business is appropriately positioned to take best advantage of market conditions. The strategic pillars are cascaded down to all the entities and individuals within the business through our Global Business Objectives Setting process, our monthly Global Management Meetings, and regular financial reporting processes.

The interests of our employees

Engaged, enabled, empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We employ and develop high calibre staff and we maintain oversight of their performance through performance review processes and personal development programmes.

We actively support equality, diversity and inclusivity and we do as much as we can to ensure a positive environment for health and wellbeing. We offer appropriate levels of remuneration which we benchmark using professional advisers and market surveys. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged. During the year a number of staff surveys were carried out in each region to assess employees wellbeing given the particularly difficult circumstances this year. Matters covered included health and safety, working at home, ensuring that employees felt supported during the pandemic and views and opinions around returning to the work place. During this year we continued to operate lots of wellbeing activities, which focus on promoting mental and physical health.

During the COVID-19 pandemic, we took advice from local governments in the countries that we operate in to safeguard our employees and subcontractors, the majority of which have been working remotely, with regular check-ins with other members of staff. To maintain mental health and connectedness in this difficult time, staff have had access to wellbeing resources, and regularly meet online to support each other, participating in weekly social activities. As a Group, we will be guided by the advice of governments across our territories on maintaining measures to protect our employees' health as the social distancing restrictions are adjusted.

Building and sustaining a positive corporate culture across the Group

The Board gives active consideration on an ongoing basis to how we demonstrate the positive corporate culture and conduct at 1Spatial. These matters are important as they affect all stakeholders.

The Board recognises that determining and embedding a high standard of corporate culture within the business is essential to ensure the Group preserves and maintains its long-established reputation for high standards of business conduct, and also to ensure the business remains sustainable, maximising any competitive advantage this provides over the longer term and building value for shareholders. Last year we established our new values We Respect, We Innovate, We Collaborate, We Trust and We Care and we continue to encourage staff to embrace them in everything they do.

The need to foster the Group's business relationships with customers, partners, suppliers and others

1Spatial customers are key to the long-term success of our business. We develop relationships with our customers based on mutual trust and our ability to meet their needs effectively. We focus on understanding what they want and put that at the centre of our decision-making to create meaningful partnerships so that we understand how our customers' requirements evolve. This is key to our Land and Expand approach of developing our customer relationships, enabling us to derive insights from our customers to inform future product development and innovation.

Business is also sourced through our invaluable partnership networks with key players in the location field such as Esri, Ordnance Survey and VertiGIS. They are key business partners and we set out our relationship in terms of business or service level agreements. We maintain oversight of these arrangements as well as making sure our customers receive appropriate levels of disclosure.

The impact of the Group's operations on the community

1Spatial is a responsible member of its global and local community as it reflects our culture and matters to our staff and local community. 1Spatial has a strong culture of supporting staff in both individual and group volunteering and fundraising initiatives. To maintain direction and drive momentum our senior team coordinates corporate social responsibility activities within the Group. Each year, our staff volunteer their time, energy and skills for projects that support global good causes. Two such initiatives are Missing Maps, a project to map the most crisis-prone parts of the world and Map Action, a project to create maps in countries affected by war and other crises (such as Ukraine, Turkey and Syria). Our staff also support schemes that give something back to our local community, for example food banks and homeless charities.

Our data management solutions and business applications not only increase the effectiveness of our customer organisations but also increase social responsiveness; a number of these are set out in our ESG Report.

The impact of the Group's operations on the environment

1Spatial's purpose is to make the world more sustainable, safer and smarter for the future. While many of our solutions are aimed at helping our customers save money and be more efficient, they also ensure that data is correct for enabling our customers to address environmental issues in their business.

We take our environmental consciousness and apply it to our day-to-day operations, adhering to the internationally recognised ISO 14001:2015 standard in the UK. By following this standard, we can ensure that our operations are carried out in an efficient and environmentally considerate manner, and our Environmental Policy represents our commitment to this promise.

The desirability of the Group maintaining a reputation for high standards of business conduct

1Spatial seeks to achieve and maintain a reputation for demonstrating a high standard of business conduct as this has a positive impact on interactions with utility firms and governmental bodies in particular. In several territories we comply with ISO 9001 Quality Management certification to provide the framework and guidance to ensure that we consistently meet our customers' expectations and regulatory requirements.

The need to act fairly and engage with shareholders of the Group

We have an on-going dialogue with shareholders through road shows to formally communicate the Group's financial results on a yearly and half-yearly basis, as well as periodic capital market days. The Chairman meets regularly with investors to hear their perspective of Group performance and the priorities they feel that the Group should be pursuing. Investor feedback is also provided by the Group's NOMAD, following investor road shows, in order for the Board to build on its alignment of the Group's strategy to business objectives and communicate these in a clear manner.

Our Annual General Meeting enables us to gather our shareholders' views while also particularly giving our non-institutional shareholders the opportunity to hear directly from the Chairman and the Board. Shareholders can view and manage their holdings using an online share portal and are able to access press releases and regulatory news via our website.

Material decisions impacting stakeholders which took place in the year ended 31 January 2023

Material decisions taken during the year included the decision to increase spending of free cash flow on sales and delivery capacity in order to aim to secure higher value contracts, as well as increasing spending on R&D and innovation in cloud technology, as part of the three-year growth plan.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The Board made these decisions based on full consideration of and interactions with both internal and external stakeholders, including employees, customers and shareholders.

Signed on behalf of the Board

Stuart Ritchie

CHIEF FINANCIAL OFFICER

25 April 2023

Board of Directors

Our Board of Directors possess a diverse range of skills and experience and take overall responsibility for the organisation's strategic direction and governance. They are the driving force behind our response to our environmental, social and governance ('ESG') initiatives.

Claire Milverton

CHIEF EXECUTIVE OFFICER ('CEO')

Appointed

October 2017

Skills and experience

Claire is passionate about leading and working collaboratively, making the best of her team's skills to create a great organisation and a positive culture – extending this approach to all other stakeholders, including customers and partners.

Claire believes that working collaboratively with clients and partners is a key way to accelerate growth – it's important to provide "best of breed" solutions to deliver against customer and market needs.

Good data governance and data quality are at the heart of 1Spatial. Having worked in finance, Claire is no stranger to issues in relation to poor quality data. Claire recognises the importance of creating economic value from data investment – whether that is to address issues such as sustainability or to improve customer efficiencies.

Claire has spent a significant number of years in the technology sector – from both her time working at 1Spatial as CFO (from 2010 to 2017, prior to being appointed to CEO), and through her experience at PwC, where she was an AIM market and technology specialist. Claire is a qualified Chartered Accountant.

Stuart Ritchie

CHIEF FINANCIAL OFFER ('CFO')

Appointed

December 2022

Skills and experience

Stuart joined the Board as Chief Financial Officer in December 2022. He is an experienced finance director with a strong background in publicly quoted international technology companies.

Most recently Stuart was Group CFO at Fusion Global Limited, a provider of SaaS-based workflow software that generated £30 million in annual revenue across its US, UK and continental European operations.

His previous roles include global head of accounting and external reporting at ZEAL Network SE, a Frankfurt-listed eCommerce group. Stuart is a fellow of the Institute of Chartered Accountants, qualifying with EY.

Board Committees

- Nomination Committee
- Remuneration Committee
- Audit Committee

Andrew Roberts

NON-EXECUTIVE CHAIRMAN

September 2016

Andrew brings significant experience to 1Spatial from both a technology and equity capital markets perspective.

Andrew led the Innovation Group plc from 2009 until its sale to Carlyle Group in 2016 for £500 million. During this time, the company grew to be a global business, providing business services and software solutions. He has also been chairman of Kewill plc, a leading international supply chain software business, non-executive director and chairman of Civica, a leading UK IT services business. Prior to this, he was non-executive chairman of Vega Group plc until its sale in 2008 to Finmeccanica SPA for £61 million.

Andrew started his career at ICL and then led the management team that turned around private equity-owned Data Sciences (then a leading BPO business) which was sold to IBM in 1996.

Francis Small

NON-EXECUTIVE DIRECTOR

August 2017

Francis brings significant experience from his capital markets and financial services background, having been at EY (Ernst & Young) from 1979 to 2015 where he held key positions, including as UK head of Corporate Finance, global vice chair and then managing partner of UK & Europe Transaction Advisory Services, global leader of sovereign wealth funds and ultimately, senior partner for international clients.

During his time at EY, Francis had responsibility for a wide range of teams and divisions, overseeing strategy development while delivering revenue growth. He worked closely with notable businesses including 3i, Arcelor Mittal, Rexam, TPG and UBS. Francis is Non-Executive Chairman of Quixant plc, an AIM-listed technology company. He also chairs the Board of Governors at Kingston University. He was previously Chair of British Business Investments, a government-backed investment company that helps provide finance to UK SME businesses.

Francis graduated from Cambridge University with a degree in law, is a chartered accountant and a Fellow of the ICAEW.

Peter Massey

NON-EXECUTIVE DIRECTOR

July 2018

Peter brings significant industry expertise and strategic insight to the Board in the key focus areas of government, utilities and transport, which he has developed through a long career, driving business growth within these industries.

Peter has held a number of senior executive positions during his career, including the following:

- Advisory board member, Space Time Insight Inc. (USA/UK)
- Director of transformation at National Grid plc. (UK/USA)
- Director, distribution support at National Grid plc.
- Head of Network Sales at National Grid plc
- Head of Network Services at Transco plc

Peter is the founder and director of Upcurve Limited, which provides management consultancy services in areas of asset management, IT-led transformational change and performance growth for organisations – from start-ups to established multi-national organisations.

Peter is a chartered engineer and graduated from the University of Salford with a BSc (Hons) in Natural Gas Engineering.

An Introduction from the Chairman

In the year ended 31 January 2023, we continued to adhere to a high standard of ethics, values and corporate social responsibility. These principles continue to underpin our governance procedures and the strategic and management decisions we make. We continue to assess and develop internal processes to ensure we maintain the robustness of decision-making. More details of what we, as a Board, have been focusing on throughout this financial year is set out in our Section 172 Statement ('s172 Statement').

We will continue to ensure the Board and its committees function effectively, that all Directors provide strong and valuable contributions and that no individual or group dominates the Board's decision-making process. The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out in this report.

As a Board we also set clear expectations concerning the Group's culture, values and behaviours. We believe in order for us to execute on our customer centric solutions approach it is vital that the Board and all our employees act in a way that reflects the underlying values of the business. Our core brand values are: We Respect, We Innovate, We Collaborate, We Trust and We Care. We expect everyone throughout the Group to adhere to these values. Our s172 Statement gives more details of how we continue to ensure the wellbeing and best interests of all our employees around the Group.

The Board has adopted the high standards of corporate governance contained in the Corporate Governance Code for Small and Mid-Size Quoted Companies ('QCA Code'). Details of how we comply with the QCA Code are set out in our Statement of Compliance, which is updated annually, a copy of which can be found on our website www.1spatial.com.

The Board

Composition

The composition of the Board is shown on pages 58 and 59. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise.

The role and operations of the Board

The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The general obligations of the Board and the roles and responsibilities of the Chairman and the Chief Executive Officer are set out in a formal Board responsibilities statement approved by the Board. The Board fulfils its role by approving the annual strategic plan and monitoring business performance throughout the year. The Board held 11 formal scheduled Board meetings during the financial year and in addition held a number of unscheduled ad-hoc meetings, e.g. to approve signing of major contracts, to review and assess financial budgets and short-term strategy solutions. Most Board meetings in the financial year were held remotely, although we are moving back to in-person Board meetings as our workforce returns to the office following the COVID-19 restrictions. There is in place a schedule of matters reserved for Board approval that can be found on the Company's website www.1spatial.com.

The Board have approved an annual Board calendar setting out the dates, location (subject to any remote working restrictions) and standing agenda items for each formal scheduled Board and Committee meeting and scheduled Board calls. Board papers are circulated to Directors in advance of scheduled and unscheduled meetings, which are of an appropriate quality to enable the Directors to fulfil their obligations and adequately monitor the performance of the business. Directors who are unable to attend a meeting are expected to provide their comments to the Chairman, the Chief Executive Officer, or the Company Secretary, as appropriate. The Board also receives management information on a regular basis that sets out the performance of the business. The Chief Executive Officer and Chief Financial Officer are invited to attend the Audit and Remuneration Committee meetings, if appropriate.

During the year, the topics subject to Board discussion at formal scheduled Board meetings included:

- Strategic plan and annual forecast and budget;
- Health and safety matters;
- Investor relations;
- Financial and operational performance;
- Project updates;
- Market and competitor reports;
- Approval of high-value sales contracts:
- Financing activities and facility agreements;
- Approval of Annual and Half-year Reports;
- Governance updates and the EU Market Abuse Regime;
- Industry regulatory and compliance developments;
- Any residual COVID-19 – related issues
- Risk and internal controls;
- General Data Protection Regulation ('GDPR'); and
- Related-party transactions.

Attendance at scheduled Board Meetings during the year is shown below:

	Formal scheduled Board meetings during the year ended 31 January 2023	
Director	Maximum possible attendance	Meetings attended
A Roberts (Chairman)	11	11
C Milverton	11	11
A Fabian*	10	10
F Small	11	11
P Massey	11	11
S Ritchie**	1	1

* Resigned from the Board of Directors on 19 December 2022

** Appointed to the Board of Directors on 19 December 2022

Advice, insurance and indemnities

All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. The Company provides indemnity insurance cover for its Directors and officers, which is reviewed and renewed annually.

Conflicts

Consideration of Directors' interests is a standing agenda item at each formal scheduled Board meeting. Each Director is required to disclose any actual or potential conflicts of interest and a register of Directors' interests is maintained by the Company Secretary. If there is a conflict of interest or a matter relating to a particular Director or a related-party transaction, then the Board understands that the relevant Director shall excuse themselves from the discussion. Each year updated schedules of interests for all Directors are circulated to the Board for information and formal approval, where appropriate.

Board evaluation

A formal evaluation of the performance and effectiveness of the Board and its Committees was conducted for the year ended 31 January 2023, the results for which were shared and discussed in March 2023. The scope of the evaluation was discussed and agreed with the Chairman, a Non-Executive Director and the Company Secretary. The evaluation was implemented by means of a questionnaire. The final evaluation report highlighted a number of positive messages regarding issues such as – the role of the Chair, the board structure and roles, decision-making and external and internal communications. The topics that required additional focus at future Board meetings included on-going Board training and succession, development of the Group's "purpose" and messaging to improve presentations to shareholders, and evolution of the Group's ESG strategy.

Board development

All new Directors appointed to the Board receive a comprehensive induction. In the year ended 31 January 2023 the Board, with the Company Secretary, updated the structured training and development programme including strategic issues, legal issues and environmental, social and governance ('ESG') issues. The Company's Nomad is invited to attend a Board meeting each year to update the Board on their general and statutory duties and current best practice governance issues and senior technical experts will present to the Board in calendar year 2023 on topics such as ESG, as well as regulatory and industry-related issues.

Succession planning

Succession continues to be a key priority for the Board. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise. The Board has approved a succession policy and discussions are ongoing regarding short and long-term succession for both Directors and the senior management team. You can find more about the experience and expertise of the current members of the Board on the Company's website **www.1spatial.com**.

Reappointment of Directors at the Annual General Meeting

The Articles of Association provides that a third of Directors retire annually by rotation and, if eligible, offer themselves for re-election. However, in accordance with good governance principles, at each AGM all the Directors retire and, subject to being eligible, offer themselves for re-election.

Relations with investors

The Company produces this Annual Report that is available on the Investor Relations section of the Company's website and distributed to those shareholders who have requested to receive hard copies. The Company's website **www.1spatial.com** contains information on the Group, matters reserved for the Board, the Company's Articles of Association, the Committees' terms of references, copies of all documents sent to shareholders and all market and regulatory announcements.

The Board ensures that financial reporting and operational updates are communicated to the market on a timely basis and give an accurate and balanced assessment of the business. The Company's share dealing policy sets out how the Directors meet their obligations under the AIM rules in this regard and how the advisers are involved in the market communications process coordinated by the Company Secretary.

Board committees

The terms of reference of the Board's Committees, as summarised below, are all available in full on the Investor Relations section of the Company's website at **www.1spatial.com**.

Nomination Committee

Membership
A Roberts (Chair)
F Small (Member)

In the year ended 31 January 2023, all senior management appointments, as well as succession plans for the Board and senior management, were dealt with by the entire Board. The recruitment process involved both the Non-Executive and Executive Directors to ensure that any appointments made strengthened and diversified the composition and skill set of the existing Board. Instead of holding a Nomination Committee meeting, the Board meetings throughout the year included discussions about senior management, recruitment and succession planning in line with the Group strategy.

The key responsibilities of the Nomination Committee are:

i) Recommending Director nominees to the Board;

ii) Recommending Committee Chairs and membership to the Board and Committees;

iii) When appropriate, taking into account the current stage of the Company's development, reviewing succession plans for the Board and Committees;

iv) Making recommendations to the Board in respect of the re-appointment of any Non-Executive Director at the conclusion of their specified term of office taking into account their performance and their contribution together with the knowledge, skills, leadership and experience requirements of the Board and Committees;

v) Regularly reviewing the structure, size and composition (including the balance of skills, diversity, knowledge and experience) required for the Board and making recommendations to the Board with regard to any changes.

Remuneration Committee

Full information on the composition, role, operation and meeting attendance of the Remuneration Committee is set out in the Remuneration Report on page 64.

Following the recommendation of the Audit Committee and passing of the shareholder resolution at the Annual General Meeting in 2022, BDO LLP ('BDO') were re-appointed as external auditors for the Group for the financial year ended 31 January 2023.

AUDIT COMMITTEE MEMBERSHIP

F Small (Chair)
A Roberts
P Massey

MEETING ATTENDANCE

Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

Director	Maximum possible attendance	Meetings attended
F Small (Chair)	2	2
A Roberts	2	2
P Massey	2	2

The Committee has a calendar of activities agreed each year. Senior management and the external auditors (BDO) may attend meetings at the request of the Committee.

The key responsibilities of the Audit Committee are:

i) Monitoring the integrity of financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;

ii) Reviewing the integrity of internal financial control and risk management systems and codes of corporate conduct and ethics and any published statements regarding these systems and codes;

iii) Making recommendations to the Board regarding the engagement of the external auditors, approving their terms of engagement, monitoring their objectivity and performance and setting policy regarding the provision of non-audit services by the external auditors;

iv) Reviewing the plan, scope and results of the annual audit, the external auditors' letter of comments and management's response thereto; and

v) Receiving reports from the CFO relating to risk control and management's response to the findings.

During the year, the topics discussed at formal scheduled Committee meetings included:

- Review of the risk register, assessing how each risk identified is being monitored and ensuring the process of how these risks are being actively managed is in place;
- Receipt and consideration of reports from the external auditors regarding the scope and findings of their audit of the Annual Report;
- Recommendation of the Annual Report and Half-year Report to the Board for approval, together with the management representation letter and audit fees;
- Review of audit and non-audit related fees paid to the external auditors and monitoring the independence of the external auditors;
- Review and consideration of accounting treatment policy changes in line with industry practice, as recommended by external auditors; and
- Review and update of the terms of reference of the Audit Committee.

To ensure the objectivity and independence of the external auditors, any service provided by the external auditors must be approved in accordance with the Group's policy on auditor independence and the provision of non-audit services, which is consistent with the UK Auditing Practices Board's Ethical Standards for Auditors.

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity.

"The systems of internal control are designed to cover all business, financial, reputational and legal risks of the Group and are embedded within the operations of the Group."

In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the Directors. Details of fees paid to the external auditors for both audit and non-audit services are given in the note 6(a) to the financial statements. The non-audit services in the year related to work performed in relation to payroll, tax compliance and company secretarial services to 1Spatial Australia Pty Limited.

Internal control

The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatements and loss. The day-to-day management and monitoring of the Group's systems of internal control is delegated to the Chief Financial Officer.

The Chief Financial Officer ensures that the Group's risk management framework and control culture are embedded within the business, the Executive Directors provide assurance to the Board, through the Audit Committee, that risks are monitored, appropriately escalated and managed within the risk appetite of the Board.

The systems of internal control are designed to cover all business, financial, reputational and legal risks of the Group and are embedded within the operations of the Group.

The financial reporting controls in place are designed to maintain proper accounting records and provide reasonable assurance concerning the accuracy and integrity of financial information reported both internally and externally.

In accordance with the QCA Code and best practice guidance for Directors on internal controls issued by the Financial Reporting Council, the Board, with the advice of the Audit Committee, has reviewed the effectiveness of the systems of internal control for the year to 31 January 2023. As part of this review, the Board received assurances from the Chief Executive Officer and the Chief Financial Officer of 1Spatial plc that the Directors' Responsibilities Statement on page 70 is founded on a sound system of risk management and internal controls and that the systems of internal controls are operating effectively in all material respects in relation to reporting financial risks and the mitigation of material business risks.

Alternative Performance Measures ('APMs')

The Audit Committee has reviewed the APMs included in the CFO Review on page 36 as well as the reconciliation between the APMs and the closest GAAP measure included in note 1 to the consolidated financial statements of the Group on page 77. The Audit Committee is satisfied that the reconciliation between APMs and GAAP measures is appropriate and that the Board's rationale for including the APMs is fair, balanced and understandable.

Going concern

As disclosed in the going concern section of note 2 of the consolidated financial statements, Summary of significant accounting policies, a cash-flow model for the period to July 2024 was prepared, focusing on the impacts of a macro economic shock (e.g. from the escalation of the war in Ukraine, further pandemic restrictions or further increases in inflation) and the actions the Board can take to mitigate those impacts. Sensitivity analysis was performed on the macro economic shock stress-tested budget model, requiring a decline in the Group's revenues of more than 14% (with no changes to spending) before the Group runs out of resources, given the net funds in place.

Taking into account the cash flow projections approved by the Board of Directors, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Francis Small

CHAIRMAN OF THE AUDIT COMMITTEE

25 April 2023

The Board considers that appropriate remuneration policies are a key driver of performance and a central element of corporate strategy.

REMUNERATION COMMITTEE MEMBERSHIP

P Massey (Chair)
A Roberts
F Small

MEETING ATTENDANCE

The Committee meets at least twice a year and at other times during the year as agreed between the members of the Committee. Committee membership and attendance at scheduled Committee Meetings during the year is shown below.

Director	Maximum possible attendance	Meetings attended
P Massey	5	5
A Roberts	5	4
F Small	5	5

Annual Statement

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year to 31 January 2023. As the Company is listed on the Alternative Investment Market ('AIM'), we are required to comply with AIM Rule 19 in respect of remuneration disclosures. However, we also provide additional disclosures to those required by AIM Rule 19 on a voluntary basis, in line with AIM best practice, to enable shareholders to better understand and consider our remuneration arrangements. This report is divided into three sections, these being:

- This Annual Statement, which summarises the Committee and its work, remuneration outcomes in respect of the year just ended and how the Remuneration Policy will be operated for the forthcoming financial year;
- The Remuneration Policy Report, which summarises the Company's Remuneration Policy; and
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in the year to 31 January 2023 in detail and how the Policy will operate for the year to 31 January 2024.

Remuneration Committee Membership

Senior management attend meetings at the request of the Committee and recuse themselves from discussions and decisions taken by the Remuneration Committee in respect of their own remuneration.

Committee Responsibilities

The Remuneration Committee determines and agrees with the Board the broad policy for the remuneration of the Group's employees, as well as reviewing the ongoing appropriateness and relevance of the Group's remuneration policy, ensuring that it is structured in a way that aligns reward with performance, shareholder interests and the long-term interests of the business.

The key responsibilities of the Committee are:

- Determining the total individual remuneration packages, including pension arrangements, of the Chairman, Executive Directors and senior management;
- Reviewing and approving share incentive plans and non-material changes to them;
- Approving and determining targets including the annual discretionary bonus scheme; and

- Reviewing and approving the scope of any termination payments and severance terms for Executive Directors, ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The full terms of reference of the Remuneration Committee are available on the Company's website (www.1spatial.com) and on request from the Company Secretary.

Advisors to the Committee

FIT Remuneration Consultants LLP was appointed to provide independent advice to the Remuneration Committee as and when required in respect of remuneration quantum and structure and developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com.

Implementation of the Remuneration Policy for FY 2024

The Committee intends to operate the Remuneration Policy for Executive Directors as follows:

- The CEO's base salary will be reviewed by the Remuneration Committee during FY24 and remains at a level of £217,000 at 1 February 2023;
- The CFO recently joined the business and his base salary remains at £160,000 at 1 February 2023. His salary will be reviewed by the Remuneration Committee during FY24;
- Pension and benefit provision remain unchanged;
- Annual bonus provision for the CEO will continue to be capped at 100% of salary based on profit and strategic targets with a cashflow underpin;
- The Committee will consider the extent to which share awards will be granted to Executive Directors during FY24.

As a Committee, we recognise the need to foster good relations with our shareholders and encourage open dialogue. The Chairman of the Remuneration Committee is available for discussion with institutional investors concerning the Company's approach to remuneration at any time. We trust you will find this report to be informative and look forward to receiving your support at our forthcoming AGM.

Peter Massey

CHAIRMAN OF THE REMUNERATION COMMITTEE

25 April 2023

Directors' Remuneration Report continued

Directors' Remuneration policy

The Board considers that appropriate remuneration policies are a key driver of performance and a central element of corporate strategy. The Group remuneration policy aims to:

- provide market competitive total compensation;
- motivate, retain and promote individual and corporate outperformance;
- differentiate on merit and performance;
- emphasise variable performance-driven remuneration;
- ensure adherence to the Group's Code of Conduct;
- align senior management with shareholders' interests; and
- deliver clarity, transparency and fairness of process.

The Group remuneration policy has a strong focus on variable compensation as the Board believes that the interests of the business, shareholders and employees are best served by containing fixed remuneration costs and maximising the proportion of total remuneration that is directly performance related.

Directors' service contracts/letters of appointment

The Chief Executive Officer and the Chief Financial Officer have a service agreement with the Company, which is terminable by either party on not less than 12 months' and six months' notice respectively. There are no provisions for remuneration payable on early termination. The Non-Executive Directors serve the Company under formal letters of appointment that are terminable on six months' written notice which sets out their role, obligations as a Director and the expected time commitment required.

Summary of Directors' Remuneration Policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Normally reviewed annually after considering pay levels at comparably sized listed companies and sector peers, the performance, role and responsibility of each Director, market conditions and the Company's performance and the level of pay across the Group as a whole	n/a	n/a
Taxable Benefits	To provide market-competitive benefits package.	Market consistent benefits may be provided to Directors.	n/a	n/a
Pension	To provide an appropriate level of retirement benefit.	Pension provision may be paid as a pension and/or cash allowance	10% of salary	n/a
Annual bonus	To reward performance against annual targets which support the strategic direction of Group.	Awards are based on annual performance	Normally capped at 100% of salary	Sliding scale financial and/or personal/strategic targets
Long-term Incentive Provision	To drive and reward the achievement of longer-term objectives and align management with shareholders.	Conditional shares, nil cost or nominal cost or market value share options granted under the 2018 1Spatial employee share plan	Normally capped at 100% of salary	Performance may be based on financial, share price and/or strategic metrics
All-employee share awards	To align management with employees and shareholders.	Any awards granted will be consistent with prevailing HMRC tax-favoured all-employee share plans	Prevailing HMRC limits	n/a
Non-Executive Directors	The Committee determines the Chairman's fee. Fees for the Non-Executive Directors are agreed by the Chairman and Chief Executive.	Fees are reviewed annually taking into account the level of responsibility and relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are normally paid in cash. Travel and other reasonable expenses incurred in the course of performing their duties may be reimbursed	n/a	n/a

Annual Report on Remuneration

Directors' emoluments and compensation (audited)

Details of individual Executive Directors' remuneration for those Directors that served during the current year are as follows:

	Year	Salary £000	Pension[4] £000	Benefits[5] £000	Bonus[6] £000	Other £000	Total £000
EXECUTIVE DIRECTORS							
C Milverton	**2023**	**217**	**22**	**15**	**–**	**–**	**254**
	2022	208	22	15	38	–	283
S Ritchie[1]	**2023**	**19**	**1**	**–**	**–**	**–**	**20**
	2022	–	–	–	–	–	–
Total Executive Directors	**2023**	**236**	**23**	**15**	**–**	**–**	**274**
	2022	208	22	15	38	–	283
NON-EXECUTIVE DIRECTORS							
A Roberts	**2023**	**81**	**–**	**–**	**–**	**–**	**81**
	2022	76	–	–	–	–	76
F Small	**2023**	**46**	**–**	**–**	**–**	**–**	**46**
	2022	41	–	–	–	–	41
P Massey	**2023**	**46**	**–**	**–**	**–**	**–**	**46**
	2022	41	–	–	–	–	41
Total Non-Executive Directors	**2023**	**173**	**–**	**–**	**–**	**–**	**173**
	2022	158	–	–	–	–	158
FORMER DIRECTORS							
A Fabian[2]	**2023**	**165**	**–**	**13**	**–**	**87**	**265**
	2022	160	–	13	15		188
Total Board	**2023**	**574**	**23**	**28**	**–**	**87**	**712**
	2022	526	22	28	53	–	629

1. Appointed 19 December 2022
2 Stepped down from the Board on 19 December 2022 and ceased employment on 28 February 2023. Included in the 2023 Other figure of £87,000 is amounts paid to Mr Fabian on exit from the business. This amount forms part of the strategic, integration and other non-recurring items more fully described in note 7 to the consolidated financial statements.

Directors' interests in share awards (audited)

As at 31 January 2023, the Directors held the following share options:

	1 February 2022 Number	Granted Number	Lapsed Number	31 January 2023 Number	EMI share option Number	Executive unapproved share option Number	Exercise price pence
C Milverton	1,226,947	–	(82,421)	1,144,526	494,526	650,000	0p
C Milverton	769,793	–	–	769,793	–	769,793	46.5p
C Milverton	25,000	–	–	25,000	–	25,000	26.5p
A Fabian	330,000	–	(330,000)	–	–	–	0p
A Fabian	25,000	–	(18,750)	6,250	–	6,250	26.5p
S Ritchie	–	–	–	–	–	–	n/a
	2,376,740	**–**	**(431,171)**	**1,945,569**	**494,526**	**1,451,043**	

Directors' share interests (audited)

The beneficial interests of the Directors in shares of the Company as at 31 January 2023 are shown below:

	Ordinary shares
A Roberts	586,190
C Milverton	616,335
S Ritchie	–
F Small	13,294
P Massey	91,813

Approved and signed on behalf of the Board

Peter Massey

REMUNERATION COMMITTEE CHAIR

25 April 2023

The Directors present their Annual Report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the Independent Auditor's Report for the year ended 31 January 2023, in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. The information in the Chairman's Report, the Corporate Governance report and the Directors' Responsibilities Statement form part of the Directors' Report.

The Directors' Report contains certain forward-looking statements and forecasts with respect to the financial condition, results, operations and business of 1Spatial plc that may involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report to shareholders should be construed as a profit forecast.

Principal activities

The principal activity of the Group is the development and distribution of innovative software solutions along with associated consultancy and support related to Location Master Data Management ('LMDM'). The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

1Spatial plc is a company incorporated in the United Kingdom. The registered office of the Company is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

Details of the business activities during the year can be found in the Strategic Report on pages 12 to 57.

Results and dividends

The results for the Group for the year and the Group and Company's financial position at the end of the year are shown in the attached financial statements. The results for 2022 are as restated due to a prior year adjustment to recognise a deferred tax asset.

The Directors do not recommend the payment of a dividend (FY 2022: £nil).

Business review and future developments

The requirements of the business review have been considered within the Chairman's Report on pages 12 to 13 and the Strategic Report on pages 12 to 57.

Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to pages 52 to 55.

Financial instruments

Financial risk management objectives and policies

During the year the Group's principal financial instruments were bank loans, trade receivables and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments have been liquidity risk, interest rate risk, credit risk, and capital risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

The Group's finance department's primary objective is to ensure the Group maintains sufficient funds to support the ongoing strategic and trading activities of the Group. Detailed forecasting is carried out at local level in the operating companies of the Group and this is combined into a Group cash flow forecast. The Group forecasts are reviewed closely to ensure that sufficient headroom in available funding is in place.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Bank loan interest is charged on a fixed rate basis. Given the magnitude of the bank loans and low interest rates that range between 0% and 3.4% (with a weighted-average interest rate of 2.3% at the year-end), the Board does not consider it appropriate to hedge the interest rate risk.

Credit risk

The Group trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc Board. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant, especially given past payment history of longstanding customers. There are no significant concentrations of credit risk within the Group.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are used for significant cash deposits.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital within an acceptable level of risk. In order to maintain or adjust the capital structure, the Group may issue new shares, raise finance through increasing debt or sell assets/businesses to reduce debt. The Group monitors its capital risk by ensuring the level of debt and gearing is reasonable based on the projected cash flows and related risks.

The capital structure of the Group at 31 January 2023 consists of cash and cash equivalents of £5.1 million (2022: £5.6 million), bank borrowings of £2.0 million (2022: £2.4 million), and equity attributable to shareholders of 1Spatial plc of £16.3 million (2022: £15.1 million).

Research and development

The Group performs research and development activities as described within the Strategic Report on pages 12 to 57. The Group expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £3.8 million was capitalised (2022: £2.4 million), £2.4 million (2022: £1.7 million) was expensed and there were no impairments (2022: nil).

Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group. This has been of even greater importance during the last two years with remote working and other restrictions due to COVID-19, with the Group implementing increased frequency of team meetings, line manager one-to-one meetings and Group-wide communications.

The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre; and to this end, the Group issued new share options to certain key management and employees under the employee share plan in 2020, as part of the three-year plan. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

The Group is an equal opportunity employer. The Group's policies seek to promote an environment free from discrimination, harassment and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation, or is disadvantaged by conditions or requirements that cannot objectively be justified. Entry into, and progression within the Group, is solely determined based on work criteria and individual merit.

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

The Group holds regular meetings with employees to inform them of the development of the business and to provide them with information on matters of concern to them as employees. Consultation with employees has continued at all levels, with the aim of ensuring that their views are taken in to account when decisions are made that are likely to affect their interests.

Changes in share capital

Details of movements in share capital are set out in note 20 to the financial statements.

Directors

The Directors who served throughout the year and up to the date of approval of the financial statements, unless otherwise stated, were as follows:

Name	Age	Position	Date of Appointment	Date of Resignation
A Roberts	70	Non-Executive Chairman	19 September 2016	
C Milverton	48	Chief Executive Officer	9 October 2017	
A Fabian	61	Chief Financial Officer	16 June 2020	19 December 2022
F Small	65	Non-Executive Director	1 August 2017	
P Massey	60	Non-Executive Director	10 July 2018	
S Ritchie	43	Chief Financial Officer	19 December 2022	

Details of the current Directors' experience and expertise can be found on the Company's website www.1spatial.com which does not form part of this report.

Directors' interests

Details of the share interests of the Directors, their service contracts and terms of appointment are shown in the Remuneration Report.

Directors' indemnities and insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and officers.

Substantial interests

The Directors have been notified of the following substantial shareholdings in excess of 3% of the voting share capital of the Company as at 4 April 2023:

Name	Number of shares	Percentage of issued share capital
Columbia Threadneedle Investments	22,097,231	20.00%
Canaccord Genuity Wealth Management	18,717,922	16.91%
Azini Capital Partners	13,709,535	12.41%
J O Hambro Capital Management	9,000,000	8.15%
BGF Investment Management	6,930,100	6.27%
Octopus Investment Nominees	4,156,943	3.76%
Herald Investment Management	3,950,000	3.58%

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

Acquisition of the Company's own shares

The Company did not acquire any of its shares during the year ended 31 January 2023 (FY 2022: nil).

Independent auditors

A resolution to reappoint BDO LLP as the Company's auditors and to authorise the Board to determine the auditors' remuneration will be proposed at the 2023 Annual General Meeting.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Statement of disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Signed by order of the Board

Susan Wallace

COMPANY SECRETARY

25 April 2023

Registered Office:
Tennyson House
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

Independent Auditor's Report

to the members of 1Spatial plc

Opinion on the financial statements

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 profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of 1Spatial 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 statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the 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 financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the 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.

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 the Parent Company's ability to continue to adopt the going concern basis of accounting included;

- Obtained an understanding of the director's process for producing cash forecasting models, including the inputs and assumptions used in those models.
- Understanding and challenging the forecasts for the Group including underlining assumptions in the forecasts. This included comparing forecast revenue and costs with historical trends and historic forecasts with actual results to consider the accuracy of the directors' forecasting. We also assessed the forecast revenue against the Group's revenue pipeline.
- Performing analysis of changes in key assumptions including a reasonably possible (but not unrealistic) reduction in forecast revenue to understand the sensitivity in the cash flow forecasts.
- Reviewing the bank loan documents to understand the terms and repayment profile and comparing these to the Group's forecasts.
- Reviewing the terms of the revolving credit facility to assess the availability thereof during the going concern period and terms attached to utilising the facility.
- Review of the post year-end cash position to assess any potential unexpected deterioration in balances held.
- Consideration of the potential impacts of the recent issues facing Silicon Valley Bank on going concern.
- A review of the appropriateness of the Directors' statements in note 2 of the financial statements as to whether it discloses all the relevant events and assumptions made to adopt the going concern basis of accounting in preparation of 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 and the Parent Company'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.

Independent Auditor's Report continued

to the members of 1Spatial plc

Overview

Coverage	61% (2022:55%) of Group profit before tax		
	85% (2022:85%) of Group revenue		
	82% (2022:80%) of Group total assets		
Key audit matters (KAM)		**31 January 2023**	**31 January 2022**
	Revenue recognition	✓	✓
	Capitalisation of development costs*		✓
	Impairment of goodwill and other intangible assets*		✓
	* Capitalisation of the development costs and Impairment of goodwill and other intangible assets were no longer considered to be KAMs as they were not assessed to be significant risks in the current year. The methodology used by management to account for these was deemed appropriate and we did not anticipate material error.		
Materiality	*Group financial statements as a whole*		
	£300,000 (2022: £270,000) based on 1% of revenue (2022: 1% of revenue).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Based on our assessment of the Group, we determined there to be three significant components, 1Spatial plc, 1Spatial Group Limited and 1Spatial France S.A.S., which were subject to full scope audits. The Group audit team performed the audits of 1Spatial plc and 1Spatial Group Limited. We instructed BDO's member firm in France as component auditor, to perform a full scope audit of the financial information of 1Spatial France S.A.S..

In addition, the Group audit team performed the following:

- Specified audit procedures were performed by the Group audit team over the revenue, deferred revenue, trade receivables and accrued revenue for 1Spatial Inc., a non-significant component.

The financial information of the remaining non-significant components were subject to analytical review procedures performed by the Group audit team. The work above, together with additional procedures performed at Group level over the consolidation process gave us the evidence we needed for our opinion on the financial statements as a whole.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with the component auditor included the following:

- Group instructions were issued to the component auditor detailing risks identified for the component and related audit procedures to be performed for the financial statement areas together with the allocated component materiality threshold.
- We conducted numerous video and conference calls throughout the audit period to ensure we obtained a full understanding of the operational activities of the component.
- We also attended the audit planning, update and clearance meetings with the component auditor.
- We performed a detailed review of the submitted reporting deliverables and reviewed the work undertaken by our component auditor by reviewing their working papers, and findings.

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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition Refer to Note 2 and Note 5	The Group derives revenue from the sale of products and rendering of services to customers. These products and services are sold either individually or in software and service bundles and revenue is recognised at either a point in time or over time, depending on whether the performance obligations are distinct and when the performance obligation is satisfied. We considered the significant audit risks arising from recognition of revenue as follows: 1) Services revenue is recognised based upon the stage of completion of the service project. There is a risk the stage of completion which is based on a percentage of completion basis for services projects open at the year-end is incorrect or subject to management override. 2) Software revenue for right to use and perpetual licences is recognised at a point in time. There is a risk due to fraud or error that revenue on such licences is not recognised in the correct period based on when the performance obligation is satisfied. For these reasons, revenue recognition was determined to be a key audit matter.	Our audit procedures included the following: • We obtained an understanding of the key revenue processes from inception to disclosure in the financial statements. • We assessed whether group's revenue recognition policy is in accordance with the applicable accounting standards. • For a sample of services revenue contracts open at year end, we assessed the percentage of completion based on timesheet information and total expected hours for the service delivery. We recalculated revenue recognised based on the percentage of completion of the fair value of the services revenue per the contract with the customer. We recalculated accrued and deferred income for such contracts based on revenue recognised versus invoice raised. • For a sample of licence revenue recognised at a point in time around year end, we agreed to customer contract, invoice, and evidence of delivery of the performance obligation by agreeing to support for delivery of licence keys to check revenue was recognised for the correct licence amount and in the correct period. • We recalculated a sample of deferred revenue balances as at the year end to confirm accuracy of the revenue recognition. **Key observations:** Based on the work performed we consider that the Group's revenue recognition accounting policy is appropriate, and that revenue has been recognised in accordance with the Group's revenue policy.

Independent Auditor's Report continued
to the members of 1Spatial plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	£		£	
	31 January 2023	31 January 2022	31 January 2023	31 January 2022
Materiality	300,000	270,000	106,000	175,000
Basis for determining materiality	1% of revenue		35% of Group materiality	65% of Group materiality
Rationale for the benchmark applied	Revenue was considered to be the most appropriate benchmark as it is a consistent indicator of the performance of the Group for users of the financial statements and given the Directors' current focus on revenue growth.		The materiality of the Parent Company was capped at a percentage of Group materiality to respond to aggregation risk.	
Performance materiality	225,000	202,000	79,000	131,000
Basis for determining performance materiality	31 January 2023: 75% (31 January 2022: 75%) of materiality based on our understanding of the Group, risk assessment procedures performed, and the nature and extent of misstatements identified in previous audits and the expectations in relation to misstatements for the current year.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 35% and 90% (2022: 65% and 68%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £106,000 to £270,000, (2022: £175,000 to £184,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,000 (2022: £8,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<table>
<tr><td>Strategic report and Directors' report</td><td>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.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</td></tr>
<tr><td>Matters on which we are required to report by exception</td><td>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.</td></tr>
</table>

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

to the members of 1Spatial plc

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and its components and determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those that relate to the accounting frameworks, Companies Act 2006 and rules of the London Stock Exchange for companies trading securities on AIM, data privacy and the relevant tax compliance regulations.
- We understood how the Group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We also reviewed the Group's tax computations and returns and financial statements disclosures against the requirements of the relevant tax legislation and applicable accounting frameworks respectively.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to management override of control and risk of fraud in revenue recognition which has been assessed as a Key Audit Matter above.
- We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors the processes and controls.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In response to the risk of management override of control, our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business which where agreed to supporting documentation where applicable; and enquiries with Group Management and those charged with governance regarding an instances of known or suspected fraud during the year.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Leighton Thomas (Senior Statutory Auditor)

FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR

London, UK

25 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2023

	Note	2023 £'000	2022 (restated)* £'000
Revenue	5	**30,002**	**27,027**
Cost of sales		(14,504)	(13,078)
Gross profit		**15,498**	**13,949**
Administrative expenses		(14,244)	(13,534)
		1,254	**415**
Adjusted EBITDA		**4,997**	**4,182**
Less: depreciation	11	(253)	(198)
Less: depreciation on right of use asset	16	(1,056)	(989)
Less: amortisation and impairment of intangible assets	10	(2,048)	(2,254)
Less: share-based payment charge	22	(192)	(326)
Less: strategic, integration and other non-recurring items	7	(194)	–
Operating profit	6(a)	**1,254**	**415**
Finance income	8	19	14
Finance costs	8	(229)	(209)
Net finance cost	8	(210)	(195)
Profit before tax		**1,044**	**220**
Income tax credit	9	14	163
Profit for the year		**1,058**	**383**
Profit for the year attributable to:			
Equity shareholders of the Parent		**1,058**	**383**
		1,058	**383**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Actuarial gains arising on defined benefit pension, net of tax	18	162	113
Exchange differences arising on translation of net assets of foreign operations		415	(246)
Other comprehensive income/(loss) for the year, net of tax		577	(133)
Total comprehensive gain for the year		**1,635**	**250**
Total comprehensive gain attributable to the equity shareholders of the Parent		**1,635**	**250**
Earnings per ordinary share attributable to the owners of the Parent during the year (expressed in pence per ordinary share):			
Basic earnings per share	23	1.0	0.3
Diluted earnings per share	23	0.9	0.3

* The 2022 Consolidated statement of comprehensive income has been restated for the recognition of deferred tax (see note 26).

Consolidated Statement of Financial Position

As at 31 January 2023

	Note	2023 £'000	2022 (restated)** £'000
Assets			
Non-current assets			
Intangible assets including goodwill	10	17,408	15,003
Property, plant and equipment	11	302	350
Right of use assets	16	1,609	1,747
Total non-current assets		**19,319**	**17,100**
Current assets			
Trade and other receivables	12	14,151	12,271
Current income tax receivable		35	124
Cash and cash equivalents	13	5,036	5,623
Total current assets		**19,222**	**18,018**
Total assets		**38,541**	**35,118**
Liabilities			
Current liabilities			
Bank borrowings	14	(660)	(531)
Trade and other payables	15	(15,797)	(13,284)
Lease liabilities	16	(608)	(748)
Deferred consideration	17	(28)	(340)
Total current liabilities		**(17,093)**	**(14,903)**
Non-current liabilities			
Bank borrowings	14	(1,322)	(1,861)
Lease liabilities	16	(1,077)	(976)
Deferred consideration	17	–	(27)
Defined benefit pension obligation	18	(1,154)	(1,276)
Deferred tax	19	(544)	(565)
Total non-current liabilities		**(4,097)**	**(4,705)**
Total liabilities		**(21,190)**	**(19,608)**
Net assets		**17,351**	**15,510**
Share capital and reserves			
Share capital	20	20,155	20,150
Share premium account	20	30,488	30,479
Own shares held	20	(139)	(303)
Equity-settled employee benefits reserve	22	4,122	3,930
Merger reserve	21	16,465	16,465
Reverse acquisition reserve	21	(11,584)	(11,584)
Currency translation reserve	21	501	86
Accumulated losses		(42,180)	(43,236)
Purchase of non-controlling interest reserve	21	(477)	(477)
Total equity		**17,351**	**15,510**

** The 2022 Consolidated statement of financial position has been restated for the recognition of deferred tax (see note 26).

The financial statements on pages 77 to 113 were approved and authorised for issue by the Board on 25 April 2023 and signed on its behalf by:

Stuart Ritchie
DIRECTOR

25 April 2023

Registered company number (England): 5429800

Consolidated Statement of Changes in Equity

For the year ended 31 January 2023

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accumulated losses	Total equity
Balance at 31 January 2021 as previously reported	**20,150**	**30,479**	**(303)**	**3,604**	**16,465**	**(11,584)**	**332**	**(477)**	**(43,931)**	**14,735**
Prior year adjustment (see note 27)	–	–	–	–	–	–	–	–	199	199
Balance at 31 January 2021 as restated	**20,150**	**30,479**	**(303)**	**3,604**	**16,465**	**(11,584)**	**332**	**(477)**	**(43,732)**	**14,934**
Comprehensive profit										
Profit for the year	–	–	–	–	–	–	–	–	383	383
Other comprehensive loss										
Actuarial gains arising on defined benefit pension	–	–	–	–	–	–	–	–	113	113
Exchange differences on translating foreign operations	–	–	–	–	–	–	(246)	–	–	(246)
Total other comprehensive (loss)/income	–	–	–	–	–	–	(246)	–	113	(133)
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**–**	**(246)**	**–**	**496**	**250**
Transactions with owners										
Recognition of share-based payment expense	–	–	–	326	–	–	–	–	–	326
	–	**–**	**–**	**326**	**–**	**–**	**–**	**–**	**–**	**326**
Balance at 31 January 2022 as restated	**20,150**	**30,479**	**(303)**	**3,930**	**16,465**	**(11,584)**	**86**	**(477)**	**(43,236)**	**15,510**
Comprehensive profit										
Profit for the year	–	–	–	–	–	–	–	–	1,058	1,058
Other comprehensive income										
Actuarial gains arising on defined benefit pension	–	–	–	–	–	–	–	–	162	162
Exchange differences on translating foreign operations	–	–	–	–	–	–	415	–	–	415
Total other comprehensive income	–	–	–	–	–	–	415	–	162	577
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**415**	**–**	**1,220**	**1,635**
Transactions with owners										
Recognition of share-based payment expense	–	–	–	192	–	–	–	–	–	192
Issue of share capital	5	9	–	–	–	–	–	–	–	14
Transfer of treasury shares	–	–	164	–	–	–	–	–	(164)	–
	5	**9**	**164**	**192**	**–**	**–**	**–**	**–**	**(164)**	**206**
Balance at 31 January 2023	**20,155**	**30,488**	**(139)**	**4,122**	**16,465**	**(11,584)**	**501**	**(477)**	**(42,180)**	**17,351**

Consolidated Statement of Cash Flows

For the year ended 31 January 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	13 (a)	5,352	2,497
Interest received		19	12
Interest paid		(229)	(146)
Tax paid		(–)	(24)
Tax received		179	200
Net cash generated from operating activities		**5,321**	**2,539**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(163)	(164)
Expenditure on development costs and other intangibles	10	(3,854)	(2,449)
Net cash used in investing activities		**(4,017)**	**(2,613)**
Cash flows from financing activities			
Proceeds from loans and borrowings		500	–
Repayment of loans and borrowings		(1,043)	(423)
Repayment of lease obligations	16	(1,099)	(1,088)
Payment of deferred consideration on acquisition	17	(352)	–
Net proceeds from share issue		14	–
Net cash used in financing activities		**(1,980)**	**(1,511)**
Net decrease in cash and cash equivalents		**(676)**	**(1,585)**
Cash and cash equivalents at start of year		5,623	7,278
Effects of foreign exchange on cash and cash equivalents		89	(70)
Cash and cash equivalents at end of year	13 (b)	**5,036**	**5,623**

Notes to the Financial Statements

For the year ended 31 January 2023

1. General information

The consolidated financial statements for the year ended 31 January 2023 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' report on page 68.

The Company is a public limited company whose shares are listed on the AIM London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, England, CB4 0WZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently throughout the year except where otherwise indicated.

Basis of preparation

The consolidated financial statements of 1Spatial plc have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going concern

The Board used as its basis for the going concern review the budget for the FY 2024 year, rolled out to 31 July 2024 using part of its forecast for FY 2025, so that a full 12-month period from the date of signing the FY 2023 Annual Report and Accounts is considered. In addition to applying the normal sensitivities to cash flows, the going concern review included a reverse-stress test to demonstrate that even if new business and renewals are severely impacted, the finances of the Group remain robust.

The year ended 31 January 2023 saw a record year for revenues and profits for the Group with a strong performance in all regions. FY 2023 was a year of increased revenue, operating profit, profit before tax as well as double-digit growth in recurring revenue, increased adjusted EBITDA and a significant increase in the operating cash conversion to approximately 106% (FY 2022: 60%). Metrics for future years are positive with Annualised Recurring Revenue ('ARR') increasing to approximately £16m (FY 2022: approximately £13m) driven primarily by term licence sales in the US. Additionally, the value of committed service orders going into FY 2024 remains strong at approximately £10m. We anticipate that revenue on these orders will be recognised in FY 2024. We entered the current year with a record level of contracted future revenue, a wide range of customers in stable industry segments of Government, Utilities and Transport and growing proof of delivery in all regions.

The operating cash flow generated in FY 2023 was positive but was impacted by working capital requirements on larger projects and the Group's decision to continue to invest in growing the business. The Group entered into a Revolving Credit Facility ('RCF') in June 2022 denominated in GBP with a limit of £3m and an expiry date of 22 June 2025.

The Group started the current financial year on 1 February 2023 with cash of £5.0m and debt of £1.9m, giving net funds (before lease liabilities) of £3.1m. Including the new RCF facility, the Group's liquidity is approximately £6.1m.

The Board has concluded, after reviewing the work detailed above, that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Audit exemption

Subsidiary undertaking 1Spatial Holdings Limited has claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2023. The Group parent company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the subsidiary company is subject as at 31 January 2023. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2023. The Group parent company, 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2023.

Notes to the Financial Statements continued

For the year ended 31 January 2023

2. Summary of significant accounting policies continued

Adoption of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2022.

(i) New standards, amendments and interpretations affecting amounts reported in the financial statements
The following amendments are effective for the period beginning 1 February 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, FRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2023 and not adopted early
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 February 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 February 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The results and net assets of all subsidiary undertakings acquired are included in the statement of comprehensive income and consolidated statement of financial position using the purchase method of accounting from the effective date at which control is obtained by the Group. Subsidiary undertakings cease to be consolidated from the date at which the Group no longer retains control, or from the date that the subsidiary is classified within disposal groups held for sale. The Group controls an entity when 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 over the entity. All intercompany balances and transactions are eliminated in full. Accounting policies of subsidiaries are changed where necessary to ensure consistent policies across the Group.

Fair value measurements

The disclosures in IFRS 13 must be made separately for each class of assets and liabilities. Appropriate classes of assets and liabilities are determined by considering the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy within which the fair value measurement is categorised.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Where there is deferred consideration payable in cash, the amount is discounted to its present value. The fair value of deferred cash consideration is included within the Group's financial statements as a liability.

Where there is deferred consideration payable in shares (and it is a fixed number of shares), the consideration is accounted for as equity to be issued. Where there is deferred consideration payable in shares (and it is a fixed value payable in shares), the amount is discounted to its present value and the fair value of deferred consideration is included within the Group's financial statements as a liability.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is as transactions with owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is regarded as equity.

Where a business combination is achieved in a series of transactions, the business combination's cost is the aggregate of the fair values of the assets given, liabilities assumed and equity instruments issued by the acquirer at the date of each transaction in the series. The previously held interest is re-measured to fair value at the acquisition date, and a gain or loss is recognised in the statement of comprehensive income.

Disposal of subsidiaries

The date of disposal of a subsidiary is the date on which control passes. The consolidated statement of comprehensive income includes the results of a subsidiary up to the date of disposal; the gain or loss on disposal is the difference between (a) the carrying amount of the net assets plus any attributable goodwill and amounts accumulated in other comprehensive income; and (b) the proceeds of sale.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors which makes the Group's strategic decisions.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UK sterling which is the Company's functional and presentation currency. Foreign currency adjustments arise on translating the overseas subsidiaries into the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

(c) Group companies
The results and financial position of all the Group entities (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:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average 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 rate on the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

(d) Goodwill and intangibles
Goodwill and intangibles 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.

Revenue recognition

Revenue is recognised in accordance with IFRS 15, the policies adopted are set out below.

Revenue comprises the fair value of the consideration received or receivable for software licences, support and maintenance, professional services (including distinct software development services) in the ordinary course of the Group's activities. The consideration is allocated between the individual performance obligations in a contract, and revenue is recognised when the associated performance obligations are satisfied.

Revenue is allocated to the various performance obligations on a relative stand-alone selling price ('SSP') basis. The Group utilises available data points based on relevant historical transactions, to establish the observable stand-alone selling prices to be used in allocating transaction consideration. For observable stand-alone sales a reasonable range of prices will be determined to represent the stand-alone selling price of that performance obligation. For performance obligations where observable stand-alone sales are not available, SSP will be estimated using the following methods in the order set out below:

- Market price
- Expected cost plus a margin
- Residual approach

Notes to the Financial Statements continued

For the year ended 31 January 2023

2. Summary of significant accounting policies continued

Revenue recognition continued

Revenue for each of the Group's different performance obligations and how it is recognised is set out below.

Recurring revenue

Software licences

Fixed term software licence revenue is the sale of right to use the software and is recognised when the software is made available to the customer (i.e. when control of the asset is transferred and the performance obligation is satisfied). Licence revenue is considered right to use as the customer receives the right to download and use the software. Fixed term licence contracts are typically sold on twelve-month terms and subject to annual renewal.

SaaS arrangements where customers access the functionality of a hosted software over the contract period without taking possession of the software are deemed right of access. As such, the performance obligations are provided evenly over a defined term and the Group recognises revenue over the period in which the subscriptions are provided as the service is delivered, generally on a straight-line basis.

Support and maintenance

Where the support and maintenance is sold for a fixed term and there is a continuing performance obligation, revenue is recognised over the term of the agreement on a straight-line basis.

Where fees for support and maintenance are bundled with the licence fee, the transaction price is allocated to the distinct performance obligations with revenue recognised when the performance obligation has been met. In order to determine the allocation to the distinct elements, reference is made to market price or where there is no market price, the estimated standalone selling price for that performance obligation.

Annualised recurring revenue

In addition to the recurring revenue streams explained above and disclosed in note 5 to the consolidated financial statements, the Annual Report also makes reference to annualised recurring revenue ('ARR') and uses this measure to evaluate the Group's performance. Annualised Recurring Revenue ('ARR') is the annualised value at the year-end of committed recurring contracts for term licences and support & maintenance. A reconciliation between the revenue recognised in the consolidated statement of comprehensive income and the Group's ARR for the current and prior year is included under the heading Alternative Performance Measures in this note to the consolidated financial statements.

Services

Professional services

Revenue is recognised based upon stage of completion of the services project or where there are a series of distinct milestones, to the completion of that element of the overall services project. The stage of completion is based on a percentage of completion basis, as determined by the percentage of labour costs incurred to date compared to the total estimated labour costs of a contract. The nature of some contracts in our European operations means the licence and implementation services are effectively part of a bundled transaction and in those cases the revenue for the licence is recognised on a pro-rata basis to the service revenue recognition, given that the customer is able to assume the benefits of the licences as the services are rendered.

Software development services

Revenue is recognised over time based upon stage of completion of the software project. The percentage of completion of the project is arrived at by a considered objective review as to the work that has been carried out, against that which is yet to be completed, to allow the project to be delivered to the customer. These reviews are carried out throughout the project. Where the Group has an enforceable right to payment for performance to date, revenue is recognised using an input method based on costs incurred as a proportion of total costs expected to be incurred. Where there is no enforceable right to payment for performance to date, revenue is recognised based on an output method based on contract milestones achieved. Any costs relating to the element of the project not yet being recognised as revenue are deferred, until the associated revenue is recognised, and included within other receivables.

Non-recurring revenue

Perpetual licences

Non-recurring perpetual software licences revenue is the sale of right to use the software and the term is undefined. Non-recurring perpetual software licences revenue is recognised when the software is made available to the customer (i.e. when control of the asset is transferred and the performance obligation is satisfied). Licence revenue is considered right to use as the customer receives the right to download and use the software. This revenue is expected to transition in time to being part of recurring term or subscription licences.

Principal versus agent considerations

When the Group is involved in providing other party's products to a customer, the Group determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. To determine the nature of its promise, the Group shall:

- identify the specified goods or services to be provided to the customer (which, for example, could be a right to a good or service to be provided by another party); and

• assess whether it controls each specified good or service before that good or service is transferred to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The following factors are considered in the analysis:

– The entity which is primarily responsible for fulfilling the promise to provide the specified product.

– If the Group has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer.

• The Group has discretion in establishing the prices for the specified product.

The Group acts as principal when we control the specified good or service prior to transfer, with on-going obligations to deliver the services, the revenue would be recognised over time. Where the Group acts as principal, the Group has determined the recognition of revenue for perpetual licences is point in time whilst for support and maintenance it is recognised over time due to the on-going obligations to deliver the support and maintenance.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants

Government grants and other assistance are accounted for under IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be or has been received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Assistance in the form of bank loans backed by government support that may be forgiven if certain conditions are met are initially recorded as loans. When the conditions for forgiveness are met, or there is reasonable assurance that the conditions will be met, the grant is credited to the profit and loss.

Deferred costs and deferred revenues

To the extent that the cost and revenue recognition differs from the contractual billing terms, costs are included in other receivables and revenue is included in contract assets or contract liabilities. Incremental costs of obtaining a contract and costs to fulfil a contract are included within other receivables if they are expected to be recovered. The costs are amortised on a systematic basis consistent with the expected pattern of the transfer of services under the contract.

Strategic, integration and other non-recurring items

When items of income or expense are considered significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings and are relevant to an understanding of the Group's financial performance, they are disclosed separately within the financial statements as Strategic, Integration or Other non-recurring items. Such items may include but are not limited to restructuring charges and acquisition-related costs.

Current and deferred income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the 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.

Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit/(loss) as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS12.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the financial year. 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 financial year, to recover or settle that carrying amount of its assets and liabilities.

Notes to the Financial Statements continued

For the year ended 31 January 2023

2. Summary of significant accounting policies continued

Current and deferred income tax continued

R&D tax credits

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure, e.g. R&D tax credits. The Group accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the group and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts are due in respect of them and not settled by the statement of financial position date, reduce current tax payable.

Intangible assets

(a) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit and loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of comprehensive income and is not reversed. 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 ('CGUs') for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment.

(b) Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only if all of the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; it is technically feasible that the asset can be completed so that it will be available for use or sale and there are sufficient available resources to complete it; and the development costs can be measured reliably. The types of costs capitalised include employee costs and subcontractor costs directly associated with development activity.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred 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 the statement of comprehensive income in the period in which it is incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less amortisation and accumulated impairment losses. Internally generated intangible assets consist of development costs.

Amortisation is charged to profit or loss. Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

Brands	5 to 10 years
Customer and related contracts	5 to 10 years
Software and intellectual property	3 to 10 years
Development costs	2 to 5 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation. These are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost or valuation of property, plant and equipment, less their estimated residual value over their expected useful lives on the following basis:

Leasehold property improvements	straight line over period of lease
Motor vehicles	25% to 33% per annum – straight line
Fixtures, fittings and equipment	20% to 33% per annum – straight line
Right of use assets	straight line over period of lease

The Directors annually review the residual value and estimated useful lives of the property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in administrative expenses.

Leases

IFRS 16 requires lessees to recognise a lease liability that reflects future lease payments and a "right-of-use asset" in all lease contracts within scope. IFRS 16 exempts lessees in short-term leases or when underlying asset has a low value.

The Group has elected to apply the practical expedient and not to recognise right-of-use assets and lease liabilities for leases with low-value assets only. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments
- Variable payments that are based on index or rate
- The exercise price of an extension or purchase option if reasonably certain to be exercised
- Payment of penalties for terminating the lease, if a termination option is reasonably certain to be exercised

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 4.8%.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable. A corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Extension and termination options exist in the UK building lease. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment of whether the Group is reasonably certain to exercise an extension option is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group.

Notes to the Financial Statements continued

For the year ended 31 January 2023

2. Summary of significant accounting policies continued

Non-current assets or disposal groups classified as held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Financial assets

The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(a) Trade and other receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. The Group has utilised the simplified approach to measuring credit losses, using a lifetime expected loss allowance for all trade receivables and contract assets. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(b) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

The Group classifies its financial liabilities as 'trade and other payables' and 'borrowings' according to the substance of the contractual arrangements entered into.

(a) Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(b) Borrowings
All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

(a) Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Share capital

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

Employee benefits

(a) Pensions
The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period (there are no plan assets). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability. Past-service costs are recognised immediately in the statement of comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

The Group operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market-based performance conditions (for example, the Company's share price), but excluding the impact of any service and non-market performance vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, a corresponding adjustment to equity.

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

If a granted option is cancelled and regranted the increase in fair value of the granted option measured immediately before and after the cancellation and regrant is added to the value of the employee's service received in exchange for the grant

If an option is cancelled this is accounted for as an acceleration of the vesting period and any amount unrecognised is recognised immediately.

(b) Other
Wages, salaries and social contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

Notes to the Financial Statements continued

For the year ended 31 January 2023

2. Summary of significant accounting policies continued

Alternative Performance Measures

The Group uses certain Alternative Performance Measures to enable the users of the Group's financial statements to understand and evaluate the performance of the Group consistently over different reporting periods. APMs are non-GAAP company specific measures. As these are non-GAAP measures, they should not be considered as a replacements for IFRS measures. The Group's definition of non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. Details of the Alternative Performance Measures used together a reconciliation to the closest GAAP measure is included below:

Recurring Revenue	FY2023	FY2022
Total Revenue	**30,002**	27,027
Adjustments:		
Services	**(13,601)**	(12,357)
Perpetual Licences – own	**(393)**	(800)
Perpetual Licences – third party	**(1,253)**	(1,690)
Recurring Revenue	**14,755**	**12,180**

Annualised Recurring Revenue	FY2023	FY2022
Recurring Revenue	**14,755**	12,180
Adjustments:		
Timing difference on Net New Revenue in period	**1,018**	1,260
Annualised Recurring Revenue	**15,773**	**13,440**

Adjusted EBITDA	FY2023	FY2022
Profit before tax	**1,044**	220
Adjustments:		
Depreciation	**1,309**	1,187
Amortisation and impairment of intangible assets	**2,048**	2,254
Share-based payment charge	**192**	326
Strategic, integration and other one-off items	**194**	–
Net finance cost	**210**	195
Adjusted EBITDA	**4,997**	**4,182**

Operating Cashflow	FY2023	FY2022
Cash generated from operations	**5,352**	2,497
Adjustments:		
Cash flow on strategic, integration and other non-recurring items	**48**	294
Cash generated from operations before strategic, integration and other non-recurring items	**5,400**	**2,791**

Free cash flow	FY2023	FY2022
Cash generated from operations before strategic, integration and other non-recurring items	**5,400**	2,791
Adjustments:		
Net interest paid	**(210)**	(134)
Net tax received	**179**	176
Expenditure on product development and intellectual property capitalised	**(3,854)**	(2,449)
Purchase of property, plant and equipment	**(163)**	(164)
Lease payments	**(1,099)**	(1,088)
Free cash flow before strategic, integration and other non-recurring items	**253**	(868)
Cash flow on strategic, integration and other non-recurring items	**(48)**	(294)
Free cash flow	**205**	**(1,162)**

Net Cash	FY2023	FY2022
Cash and cash equivalents	**5,036**	5,623
Adjustments:		
Bank Borrowings – current	**(660)**	(531)
Bank Borrowings – non-current	**(1,322)**	(1,861)
Net Cash	**3,054**	**3,231**

3. Financial instruments

Financial assets and financial liabilities

The Group holds the following financial instruments:

	At 31 January 2023 £'000	At 31 January 2022 £'000
Financial assets held at amortised cost		
Trade and other receivables *	12,901	11,188
Cash and cash equivalents	5,036	5,623
	17,937	**16,811**
Financial liabilities (amortised cost)		
Bank borrowings	1,982	2,392
Trade and other payables **	4,555	4,686
	6,537	**7,078**

* excluding prepayments and VAT and costs incurred to fulfil or obtain a contract

** excluding contract liabilities as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign currency risk, market risk (including cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk.

Risk management is carried out by the finance team under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, foreign exchange risk and use of derivative financial instruments and non-derivative financial instruments.

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

During the year, the Group had operating subsidiaries in Australia, the United States, Belgium, France, Tunisia and Ireland, whose revenues and expenses are denominated in Australian dollars, US dollars, Euros or Tunisian dinars.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows (CU being Currency Unit):

	Net assets			
	At 31 January 2023 £'000	At 31 January 2022 £'000	At 31 January 2023 CU'000	At 31 January 2022 CU'000
Euros	2,207	1,420	2,508	1,704
Australian dollars	225	294	395	561
US dollars	2,017	1,204	2,487	1,617
Canadian dollars	4	8	7	15
Moroccan dirham	1	128	7	1,554
Tunisian dinar	(70)	224	(264)	869
Danish krone	10	–	88	–
	4,395	**3,278**		

Notes to the Financial Statements continued

For the year ended 31 January 2023

3. Financial instruments continued

Financial risk factors continued

The following table details the Group's sensitivity to a 10% strengthening of the currency unit (CU) against sterling. The sensitivity adjusts their translation at the year end. 10% represents management's assessment of the reasonably possible movement in exchange rates.

	Australian dollar currency impact		Euro currency impact		US dollar currency impact	
	At 31 January 2023 £'000	At 31 January 2022 £'000	At 31 January 2023 £'000	At 31 January 2022 £'000	At 31 January 2023 £'000	At 31 January 2022 £'000
Gain/(loss)	34	36	(67)	8	178	169
Net assets/(liabilities)	(15)	(46)	759	672	545	484

(b) Cash flow and interest rate risk

The Group's exposure to interest rate risk relates primarily to its bank loans in 1Spatial France totalling approximately £2.0m at the year-end (2022: £2.4m). Bank loan interest is charged on a fixed rate basis with interest rates ranging between 0% and 3.6%. Given the magnitude of the bank loans and low interest rates that range between 0% and 3.6%, the Board does not consider it appropriate to hedge the interest rate risk.

There is no interest on trade and other payables at 31 January 2023 (2022: nil).

Sensitivity analysis

The Group does not consider the cash flow and fair value interest rate risk to be significant. Should substantial debt be put in place in the future with variable interest rates, the Board will consider whether it would be appropriate to hedge the cash flow and interest rate risk. However, no such instrument has been taken out in the current or prior year. The Board will continue to keep this position under review.

	At 31 January 2023 £'000	At 31 January 2022 £'000
Financial assets		
Cash and cash equivalents	5,036	5,623
Financial liabilities		
Bank borrowings	(1,982)	(2,392)

	At 31 January 2023 £'000	At 31 January 2022 £'000	At 31 January 2023 CU'000	At 31 January 2022 CU'000
Cash and cash equivalents				
Sterling	2,556	2,709	2,556	2,709
Euros	1,673	1,573	1,902	1,888
Australian dollars	343	406	601	774
US dollars	384	621	474	834
Tunisian dinar	79	268	296	1,044
Moroccan dirham	1	46	7	557
	5,036	**5,623**		
Bank borrowings				
Sterling	–	–	–	–
Euros	1,982	2,392	2,253	2,870
US dollars	–	–	–	–
	1,982	**2,392**		

Cash and cash equivalents are placed upon deposit at the best market rates available (subject to the Group's credit risk policy below) should an excess above that required for working capital be held.

Other financial assets comprise trade receivables and other receivables as detailed in note 12.

(c) Credit risk

Credit risk is managed by the trading entities. Credit risk arises from exposure to outstanding customer receivables. Credit checking is used; however, if there is no independent rating, management will assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The table below shows the ageing of customer receivables at the reporting date (shown net of provision for impairment). Refer to note 12 for further details.

	2023 £'000	2022 £'000
Current	3,694	3,650
Up to 3 months overdue	1,024	849
3 to 6 months overdue	96	237
6 to 12 months overdue	9	34
> 12 months overdue	140	100
	4,963	**4,870**

(d) Liquidity risk

Liquidity is managed so that sufficient funds are maintained to support the ongoing strategic and trading activities of the Group. Management monitors rolling forecasts of the Group's expected cash flow. The detailed forecasting is carried out at local level in the operating companies of the Group. This is combined into a Group cash flow forecast.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 January 2023	Less than one year £'000	Between one and two years £'000	Between two and five years £'000
Bank borrowings	660	665	657
Trade and other payables*	4,555	–	–
Lease liabilities	608	555	522
	5,823	**1,220**	**1,179**

At 31 January 2022	Less than one year £'000	Between one and two years £'000	Between two and five years £'000
Bank borrowings	531	624	1,237
Trade and other payables*	4,870	–	–
Lease liabilities	748	506	470
	6,149	**1,130**	**1,707**

* Excludes contract liabilities as it is not a financial liability as there is no obligation to pay cash. This also excludes statutory liabilities such as other taxation and social security.

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets/businesses to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net funds/(debt) divided by total capital. Net funds are calculated as cash and cash equivalents less total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position and excluding lease liabilities). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

During the year ended 31 January 2023, the Group's strategy, which is unchanged from the previous year, was to maintain the gearing ratio below 50% and this has been maintained.

Notes to the Financial Statements continued

For the year ended 31 January 2023

4. Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and other intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. Management considers that it has only one cash generating unit as the business is managed under one global strategy. The recoverable amounts of its cash-generating unit has been determined based on value in use. Management has also had to make significant estimates when putting together the budgets and projections and in determining an appropriate discount rate, which are used in the value in use calculations. These calculations require the use of estimates as further detailed in note 10.

Capitalisation of development expenditure

Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. In addition, estimates are made in relation to the impairment of capitalised expenditure based on the projected revenues and margins to be earned from the related products.

In order to assess the commercial viability of the development of future solutions, management assesses the potential market for the service and estimate the net present value of cash flows from the potential offering against the cost of development. Only if the return on investment is above a minimum level set by the Board will the development be internally approved to proceed. Further information regarding the accounting policy for research and development is detailed in Note 2.

Other estimates and assumptions include:

- Revenue recognition, namely percentage of completion for open service performance obligations as of year end
- Alternative performance measures
- Number of share options that will vest under share options schemes
- Defined benefit pension scheme (see note 18)

These areas of estimates and judgements are not considered significant on the basis that judgement and estimate methods used have not materially altered year on year and they have not materially affected the reported numbers. The assumptions used are also not considered to be materially uncertain. Estimates and judgements are made with reference to the Group's accounting policies and relevant financial reporting standards.

5. Segmental information

The chief operating decision-maker has been identified as the Board of Directors, which makes the Group's strategic decisions. The Group is now focused on developing and selling repeatable solutions and recurring term licences globally, with associated support services. As such, the Board considers that the Group operates with only one segment and one CGU under one global strategy and the results are accordingly presented as Group results only.

The following table provides an analysis of the Group's revenue by type.

Revenue by type

	2023 £'000	2022 £'000
Term licences	5,167	2,940
Support and maintenance – own	6,727	7,350
Support and maintenance – third party	2,861	1,890
Recurring revenue	**14,755**	**12,180**
Services	13,601	12,357
Perpetual licences – own	393	800
Perpetual licences – third party	1,253	1,690
Total revenue	**30,002**	**27,027**

The Group's operations are located in the United Kingdom, Europe (Ireland, France and Belgium) the United States, Tunisia and Australia. The following table provides an analysis of the Group's revenue by geographical destination.

Revenue by region

	2023 £'000	2022 £'000
UK	**10,454**	8,903
Europe	**12,173**	11,583
US	**4,325**	3,721
Rest of World	**3,050**	2,820
Total revenue	**30,002**	**27,027**

The Board assesses the performance of the Group based on adjusted EBITDA. Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charge and strategic, integration, and other non-recurring items (see note 7). As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

The following table provides an analysis of the Group's revenue by country of domicile, split by whether the revenue is recognised at a point in time or over time.

	2023 £'000	2022 £'000
UK/Ireland	**11,921**	**9,926**
At a point in time	2,185	2,257
Over time	9,736	7,669
Europe	**11,011**	**10,875**
At a point in time	2,011	1,796
Over time	9,000	9,079
United States	**4,303**	**3,721**
At a point in time	2,159	1,286
Over time	2,144	2,435
Australia	**2,767**	**2,505**
At a point in time	1,070	1,040
Over time	1,697	1,465
	30,002	**27,027**

As at 31 January 2023, costs to obtain and fulfil a contract of £109,000 were included in other receivables (2022: £169,000). Amortisation of costs to obtain and fulfil a contract for the year ended 31 January 2023 were £75,000 (2022: £54,000). The Group has no significant concentration risk with no major customers representing more than 10% of Group revenue (2021: nil).

The Group has significant contract balances (both assets and liabilities), which arise out of the ordinary course of its operations. Contract assets include accrued income, which arises where chargeable work is performed, and the revenue is recognised based upon satisfaction of performance obligations in advance of invoicing the client. This can arise because, particularly for some larger projects, client invoicing may be in stages and linked to project milestones. Once an invoice is raised then the related accrued income will be reduced by the invoiced amount. Further information can be found in note 12.

Significant contract liabilities arise when a client has been invoiced annually in advance (for example, for annual support and maintenance contracts) and the revenue is recognised on a monthly basis over the year. In that case, the initial invoiced amount is fully deferred and then released to the profit and loss over the course of the contract. Further information can be found in note 15.

The following table provides an analysis of the Group's non-current assets by location.

	2023 £'000	2022 £'000
UK/Ireland	7,790	6,800
Europe	7,869	7,645
United States	3,656	2,650
Rest of World	4	5
Total	**19,319**	**17,100**

Notes to the Financial Statements continued

For the year ended 31 January 2023

6. (a) Operating profit

	2023 £'000	2022 £'000
Operating profit is stated after charging:		
Wages and salaries	15,085	12,838
Social security costs	2,450	2,209
Other pension costs	1,120	1,128
Share-based payment charge	192	326
Staff costs including Executive Directors	**18,847**	**16,501**
Depreciation of property, plant and equipment – owned assets	253	198
Lease depreciation	1,056	989
Amortisation and impairment of intangible assets	2,048	2,254
Net foreign exchange (gains)/losses	(307)	197
Short-term lease payments	99	43
Research costs	818	1,049
Auditors' remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	178	176
Fees payable to the Company's auditors and its associates for other services:		
• The audit of the Company's subsidiaries	15	15
• Other Services – tax advisory and compliance	15	12

6. (b) Average monthly number of personnel employed (including Executive Directors)

	2023 Number	2022 Number
Software developers	141	118
Consulting	91	91
Sales and marketing	48	41
Administration	32	29
Support	16	15
Directors	2	2
	330	**296**

6. (c) Directors' emoluments

Details of directors' emoluments are included in the Directors' Remuneration Report included on pages 64 to 67.

7. Strategic, integration and other non-recurring items

In accordance with the Group's policy for strategic, integration and other non-recurring items, the following charges were included in this category for the year:

	2023 £'000	2022 £'000
Amounts paid relating to change of CFO	194	–
Total	**194**	**–**

The cash impact in FY 2023 relating to the strategic, integration and other non-recurring items was £48,000 (2022: £294,000).

Amendments to Geomap-Imagis Share Purchase Agreement (SPA)

The final step in the integration of Geomap-Imagis ('G-I'), which was acquired in May 2019, was completed in March 2021. As part of the restructuring, two of the G-I founders and former directors left the business and the parties amended the original SPA as explained below.

Under the original terms, the Group agreed to pay the vendors consideration, which included €1,166,999 to be satisfied by the issue by 1Spatial of ordinary shares (the 'Consideration Shares').

Of the consideration to be satisfied by the issue of the Consideration Shares, €726,459 was satisfied immediately upon Completion, with the balance of €440,540 originally to be satisfied on 30 March 2023 (the 'Deferred Share Consideration Amount'). Accordingly, on Completion the Company issued to the vendors 1,902,686 new ordinary shares (the 'Initial Consideration Shares'), subject to a lock up obligation until 31 December 2021.

In connection with completion of the integration of G-I, the Group entered into an Amendment Agreement with two GI founders and former directors in March 2021 to amend the terms of the original agreement primarily as follows:

- release 1,765,173 of the Initial Consideration Shares (the 'Released Shares') from the above-mentioned lock up obligation; and
- pay out in cash to certain of the vendors, at the earlier date of 10 September 2022, €408,701 of the Deferred Share Consideration Amount.

The balance of consideration €31,839 was issued in shares on 31 March 2023.

8. Finance income and costs

	2023 £'000	2022 £'000
Finance income		
Bank interest receivable	19	14
	19	**14**
Finance costs		
Interest expense		
– Bank borrowings	(73)	(76)
– Bank charges	(53)	(42)
– Interest cost on defined benefit pension obligation	(15)	(6)
Lease interest	(88)	(85)
	(229)	**(209)**
Net finance cost	**(210)**	**(195)**

Notes to the Financial Statements continued

For the year ended 31 January 2023

9. Income tax credit

	2023 £'000	2022 (restated) £'000
Current tax		
UK corporation tax on income for year	(57)	(172)
Foreign tax	79	40
Adjustments in respect of prior years	(15)	(19)
Total current tax credit	**7**	**(151)**
Deferred tax (note 19)		
Origination and reversal in temporary differences	(58)	(83)
Effect of tax rate change on opening balance	38	71
Adjustments in respect of prior years	(1)	–
Total deferred tax	**(21)**	**(12)**
Total tax credit	**(14)**	**(163)**

Factors affecting the tax credit for the year:

The differences between the standard rate of corporation tax in the UK and the actual tax credit are explained below:

	2023 £'000	2022 (restated) £'000
Profit on ordinary activities before tax	**1,044**	**220**
Profit/(loss) on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 19% (2022: 19%)	198	42
Effect of:		
Expenses not deductible for tax purposes	96	55
Adjustment in respect of R&D tax credits	(312)	(238)
Effect of movement in deferred tax rate	38	71
Utilisation of losses not previously recognised for tax purposes	(66)	(348)
Deferred tax not recognised on losses carried forward	110	212
Adjustments in respect of prior years	(15)	(19)
Differences in tax rates applicable to overseas subsidiaries	(47)	37
Other differences	(16)	25
Total tax credit for the year	**(14)**	**(163)**

The relevant deferred tax balances have been measured at 25% for the current year-end, being the tax rate enacted by the reporting date (2022: 25%).

10. Intangible assets including goodwill

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Intellectual property £'000	Total £'000
Cost							
At 1 February 2022	17,194	450	4,547	6,574	21,228	72	50,065
Additions	–	–	–	39	3,815	–	3,854
Effect of foreign exchange	478	12	191	186	554	–	1,421
At 31 January 2023	**17,672**	**462**	**4,738**	**6,799**	**25,597**	**72**	**55,340**
Accumulated impairment and amortisation							
At 1 February 2022	11,330	291	3,640	4,958	14,826	17	35,062
Amortisation	–	22	149	227	1,644	6	2,048
Effect of foreign exchange	187	5	144	109	377	–	822
At 31 January 2023	**11,517**	**318**	**3,933**	**5,294**	**16,847**	**23**	**37,932**
Net book amount at 31 January 2023	**6,155**	**144**	**805**	**1,505**	**8,750**	**49**	**17,408**
Net book amount at 31 January 2022	5,864	159	907	1,616	6,402	55	15,003

The net book amount of development costs includes £8,750,000 (2022: £6,402,000) internally generated capitalised software development costs that meet the definition of an intangible asset. The amortisation charge of £2,048,000 (2022: £2,254,000) is included in the administrative expenses in the statement of comprehensive income.

The key assumptions used in the value in use calculation were the pre-tax discount rate applied 14% (FY 2022: 13%)), revenue growth rates of 9.5% per annum and cost growth rates of 7% per annum for the five-year period from 1 February 2023 to the year ending 31 January 2028. The Board approved budget for the year ending 31 January 2024 was used as the basis for the Group's value in use calculation. Results for the next four years were calculated using the above assumptions to derive the Group's value in use. No impairment is required as no individual asset has a higher carrying value than its value in use.

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Intellectual property £'000	Total £'000
Cost							
At 1 February 2021	17,447	464	4,764	6,757	19,285	72	48,789
Additions	–	–	–	26	2,423	–	2,449
Written-off	–	–	–	–	–	–	(30)
Effect of foreign exchange	(253)	(14)	(217)	(209)	(480)	–	(1,173)
At 31 January 2022	**17,194**	**450**	**4,547**	**6,574**	**21,228**	**72**	**50,065**
Accumulated impairment and amortisation							
At 1 February 2021	11,548	252	3,641	4,696	13,454	11	33,602
Amortisation	–	42	153	360	1,693	6	2,254
Written-off	–	–	–	–	–	–	–
Effect of foreign exchange	(218)	(3)	(154)	(98)	(321)	–	(794)
At 31 January 2022	**11,330**	**291**	**3,640**	**4,958**	**14,826**	**17**	**35,062**
Net book amount at 31 January 2022	**5,864**	**159**	**907**	**1,616**	**6,402**	**55**	**15,003**

Notes to the Financial Statements continued

For the year ended 31 January 2023

10. Intangible assets including goodwill continued

Impairment tests for goodwill

Goodwill is assessed for the Group as a whole as the Group operates with one segment and one CGU as the Group manages its operations under one global strategy. All aspects of the business are focusing now on growing recurring revenue of repeatable solutions using technology that will be deployed globally under a single strategy. Products developed by regional development teams are marketed globally.

Goodwill	2023 Total £'000	2022 Total £'000
Opening carrying value	5,864	5,899
Effect of foreign exchange	291	(35)
Closing carrying value	**6,155**	**5,864**

Basis for calculation of recoverable amount

The Group has prepared a five-year plan for its CGU (based on a formally approved 1-year plan extended for four more projected years). The detailed plan put together by the management team and the Board makes estimates for revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work and has been prepared in accordance with IAS 36: 'Impairment of Assets'.

The key assumptions used in the value in use calculations were the pre-tax discount rates applied (14%) and the growth assumptions. Growth in sales and corresponding costs for the five-year period has been forecast at 9.5% and 7% per annum respectively and the EBITDA to cash conversion is assumed to be 60% or greater.

The rates used in the above assumptions are consistent with management's knowledge of the industry and strategic plans going forward. The assumptions noted above have been given in terms of revenue and overhead percentage growth. For 2024 and subsequent years, the assumption has been provided in terms of growth on the prior year EBITDA. The terminal growth rate of 2% does not exceed the long-term growth rate for the business in which the CGUs operate. The discount rate used is pre-tax and reflects specific risks relating to the Group. The forecasts are most sensitive to changes in revenue and overhead assumptions (taken together as the EBITDA). However, there are no major changes to the key assumptions which would cause the goodwill to be impaired.

There would have to be a reduction in forecast EBITDA by 14% for each year of the five-year period ending 31 January 2028 for the headroom to be removed.

11. Property, plant and equipment

	Leasehold property improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 February 2022	323	1,143	**1,466**
Additions	5	158	**163**
Disposal	–	(8)	**(8)**
Exchange adjustment	18	23	**41**
At 31 January 2023	**346**	**1,316**	**1,662**
Accumulated depreciation			
At 1 February 2022	230	886	**1,116**
Charge for the year	65	188	**253**
Disposal	–	(8)	**(8)**
Exchange adjustment	15	(16)	**(1)**
At 31 January 2023	**310**	**1,050**	**1,360**
Net book amount at 31 January 2023	**36**	**266**	**302**

	Leasehold property improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 February 2021	398	1,104	**1,502**
Additions	9	155	**164**
Disposal	(59)	(130)	**(189)**
Exchange adjustment	(25)	14	**(11)**
At 31 January 2022	**323**	**1,143**	**1,466**
Accumulated depreciation			
At 1 February 2021	273	837	**1,110**
Charge for the year	46	152	**198**
Disposal	(59)	(130)	**(189)**
Exchange adjustment	(30)	27	**(3)**
At 31 January 2022	**230**	**886**	**1,116**
Net book amount at 31 January 2022	**93**	**257**	**350**

Depreciation expense of £253,000 (2022: £198,000) has been charged in administrative expenses.

12. Trade and other receivables

Current	2023 £'000	2022 £'000
Trade receivables	4,992	4,895
Less: provision for impairment of trade receivables	(29)	(25)
	4,963	**4,870**
Other receivables	2,044	1,413
Prepayments and accrued income	7,144	5,988
	14,151	**12,271**

Below is a reconciliation of the movement in accrued income:

	2023 £'000	2022 £'000
At 1 February 2022	5,075	2,950
Accrued revenue invoiced in the year	(5,075)	(2,950)
Revenue accrued in the year	5,947	5,188
Foreign exchange difference	57	(113)
At 31 January 2023	**6,004**	**5,075**

The fair value of the Group's trade receivables and other receivables is the same as its book value stated above. No interest is charged on overdue receivables.

At 31 January 2023, trade receivables of £3,698,000 (2022: £3,650,000) were fully performing. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Notes to the Financial Statements continued

For the year ended 31 January 2023

12. Trade and other receivables continued

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected credit losses are based on the Group's historical credit losses which are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified gross domestic growth rates, unemployment rates, interest rates and inflation rates as the key macroeconomic factors in the countries in which the Group operates.

At 31 January 2023, trade receivables of £1,269,000 (2022: £1,220,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

The ageing of these receivables is as follows:

	2023 £'000	Weighted average loss rate	Impairment loss allowance £'000
Current	3,698	0.1%	4
Up to 3 months overdue	1,029	0.5%	5
3 to 6 months overdue	98	2.0%	2
6 to 12 months overdue	10	5.0%	1
> 12 months overdue	157	10.0%	17
	4,992		**29**

	2022 £'000	Weighted average loss rate	Impairment loss allowance £'000
Current	3,653	0.1%	3
Up to 3 months overdue	853	0.5%	4
3 to 6 months overdue	242	2.0%	5
6 to 12 months overdue	36	5.0%	2
> 12 months	111	10.0%	11
	4,895		**25**

As of 31 January 2023, trade receivables of £29,000 were impaired (2022: £25,000) and provided for.

The trade receivables above include performance retentions on long-term contracts.

Movements on the Group provision for impairment of trade receivables are as follows:

	2023 £'000	2022 £'000
At 1 February	25	80
Increase/(decrease) in provision	4	(55)
At 31 January	**29**	**25**

The other classes within trade and other receivables do not contain impaired assets and the Group expects to recover these in full. There are no financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable noted above. The Group does not hold any collateral as security.

13. Cash and cash equivalents and notes to the consolidated statement of cash flows

	2023 £'000	2022 £'000
Cash at bank and in hand	5,036	5,623
	5,036	**5,623**

The fair value of the Group's cash and cash equivalents is the same as its book value stated above.

Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	Note	2023 £'000	2022 £'000
Profit before tax		**1,044**	**220**
Adjustments for:			
Finance income		(19)	(14)
Finance cost		229	209
Depreciation		1,309	1,187
Amortisation of acquired intangibles		386	561
Amortisation and impairment of development costs		1,662	1,693
Share-based payment charge	22	192	326
Net foreign exchange movement		–	1
Increase in trade and other receivables		(1,426)	(1,784)
Increase in trade and other payables		1,963	206
Increase/(decrease) in defined benefit pension obligation		12	(108)
Cash generated from operations		**5,352**	**2,497**

	2023 £'000	2022 £'000
Cash generated from operations before strategic, integration and other non-recurring items	**5,400**	**2,791**
Cash flow on strategic, integration and other non-recurring items (note 7)	(48)	(294)
Cash generated from operations	**5,352**	**2,497**

(b) Reconciliation of net cash flow to movement in net funds

	2023 £'000	2022 £'000
(Decrease) in cash in the year	**(676)**	**(1,585)**
Changes resulting from cash flows	**(676)**	**(1,585)**
Net cash outflow in respect of borrowings repaid	543	423
Effect of foreign exchange	(44)	127
Change in net funds	**(177)**	**(1,035)**
Net funds at beginning of year	3,231	4,266
Net funds at end of year	**3,054**	**3,231**
Analysis of net funds		
Cash and cash equivalents classified as:		
Current assets	5,036	5,623
Bank loans	(1,982)	(2,392)
Net funds at end of year	**3,054**	**3,231**

Net funds is defined as cash and cash equivalents net of bank loans (and excluding lease liabilities).

Notes to the Financial Statements continued

For the year ended 31 January 2023

13. Cash and cash equivalents and notes to the consolidated statement of cash flows continued

(c) Reconciliation of movement in liabilities from financing activities

	Bank borrowings and leases due within 1 year £'000	Bank borrowings and leases due after 1 year £'000	Total £'000
Total debt (including lease liabilities) as at 1 February 2022	**1,279**	**2,837**	**4,116**
Borrowings at 1 February 2022	531	1,861	2,392
Repayment of borrowings	(543)	–	(543)
Foreign exchange difference	12	121	133
Borrowings before transfer	**–**	**1,982**	**1,982**
Transfer from due after 1 year to due within 1 year	660	(660)	–
Borrowings as at 31 January 2023	**660**	**1,322**	**1,982**
Lease liability at 1 February 2022	**748**	**976**	**1,724**
Cash movements:			
Lease payments	(1,099)	–	(1,099)
Non-cash movements:			
Additions in the year	779	–	779
Interest cost	88	–	88
Reclassifications	(516)	709	193
Lease liability before transfer	**–**	**1,685**	**1,685**
Transfer from due after one year to due within one year	608	(608)	–
Lease liability as at 31 January 2023	**608**	**1,077**	**1,685**
Total debt (including lease liabilities) as at 31 January 2023	**1,268**	**2,399**	**3,667**

14. Bank borrowings

	2023 £'000	2022 £'000
Current bank borrowings	660	531
Non-current bank borrowings	1,322	1,861
	1,982	**2,392**

Bank borrowings

Bank borrowings relate to bank loans in 1Spatial France totalling €2.25m (2022: €2.87m). Bank loan interest is charged on a fixed rate basis with interest rates ranging between 0% and 3.6%, included the related guarantee costs.

The loans are due for repayment over the period to FY 2028, with a broadly even repayment pattern with approximately €0.7m (£0.6m) due for repayment in FY 2024. New borrowings in the year amounted to nil (2022: nil). There are no financial covenants attached to the loans, nor is there any security applied. All long-term loans are denominated in €.

Revolving credit facility

There are covenants associated with the Revolving Credit Facility ('RCF') in relation to the maximum gearing of the Group. The RCF is denominated in GBP, the facility limit is £3m with an expiry date of 22 June 2025. The interest rate for any drawn amounts is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). There is a commitment fee of 1.15% per annum of any undrawn part of the Facility. This facility was undrawn as at 31 January 2023.

15. Trade and other payables

Current	2023 £'000	2022 £'000
Trade payables	2,861	2,227
Other taxation and social security	3,653	2,924
Other payables	506	534
Accrued liabilities	1,229	1,987
Deferred income	7,548	5,612
	15,797	**13,284**

The Directors consider that the book value of trade payables, taxation, other payables, accrued liabilities and deferred income approximates to their fair value at the reporting date.

Below is a reconciliation of the movement in deferred income:

	2023 £'000	2022 £'000
At 1 February	5,612	5,870
Revenue recognised in the year	(5,612)	(5,870)
Revenue deferred at year end	7,460	5,636
Foreign exchange difference	88	(24)
At 31 January	**7,548**	**5,612**

16. Leases

Right of use assets	Total £'000
At 1 February 2022	1,747
Additions	893
Depreciation	(1,056)
Foreign exchange difference	26
At 31 January 2023	**1,609**

	2023 £'000	2022 £'000
Buildings	1,490	1,522
Cars	82	185
Others	37	40
	1,609	**1,747**

Lease liabilities	Total £'000
At 1 February 2022	1,724
Additions	779
Interest cost	88
Cash paid	(1,099)
Other adjustments	163
Foreign exchange difference	30
At 31 January 2023	**1,685**

	2023 £'000	2022 £'000
Current	608	748
Non-current	1,077	976
	1,685	**1,724**

Notes to the Financial Statements continued
For the year ended 31 January 2023

16. Leases continued

Amounts recognised in profit or loss:

Depreciation charge of right of use assets	2023 £'000	2022 £'000
Buildings	955	866
Cars	88	96
Others	13	27
	1,056	**989**

17. Business combinations

On 7 May 2019, the Company entered into share purchase agreements to acquire the entire issued share capital of Geomap-Imagis Participations ('Geomap-Imagis') for a total consideration of €7.0m (the 'Consideration'). Full details of the acquisition were provided in the Annual Report for the year ended 31 January 2020. As disclosed in note 7, there were some minor changes to the terms of the Share Purchase agreement. The remaining balance payable at 31 January 2022 of €440,540 (equivalent to £380,000) was satisfied mainly in cash (£352,000) in September 2022, with the balance settled by an issue of 57,685 ordinary shares of £0.10 on 31 March 2023. These shares had a market value of €31,839 (£28,000) at the date of issue. There are no further elements of deferred consideration due to the former shareholders of Geomap-Imagis Participations ('Geomap-Imagis').

18. Pension obligations

Defined benefit pension

1Spatial France SAS operates defined benefit pension schemes. The French pension system is operated on a "pay as you go" basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from the defined contribution schemes ARRCO and AGIRC (AGIRC being solely for management). The lump sum retirement allowance must by law be paid by the employer when an employee retires. The allowances to be paid to 1Spatial France's employees are defined by the Collective Bargaining Agreement of the R&D, IT and consulting firms ('Syntec').

The lump sum allowances to be paid on retirement are calculated as follows:

- For service up to 5 years: nil
- For service beyond 5 years: 1 month's basic salary plus 1/5 of a month's basic salary per year of service beyond 5 years

All permanent employees are covered by this scheme. The normal retirement age in France is 62 (62 in 2022). Benefit rights do not vest before the normal retirement age.

The scheme is not externally funded through an insurance contract.

The risks of the scheme are as follows:

(a) Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy
Should the normal retirement age of 62 increase due to life expectancy increases, this will result in an increase in the plan's liabilities.

(c) Inflation risk
The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the Company pension scheme, using the projected unit basis, was carried out at 31 January 2023 and 31 January 2022 by independent consulting actuaries. The valuations at those dates are based on the following assumptions:

	2023	2022
Expected rate of salary increases	2.50%	2.00%
Discount rate	3.75%	1.15%
Rate of inflation	2.20%	1.90%
Retirement age – management	65	65
Retirement age – others	63	63

Annual staff turnover rates are as follows:

	2023	2022
16–24 years	20%	20%
25–29 years	15%	15%
30–34 years	10%	10%
35–39 years	7%	7%
40–44 years	5%	5%
45–49 years	2%	2%
50 years and above	0%	0%

The turnover rates used are based on statistics over the last few years. These rates project 4.2 (2022: 3.95) resignations over the next 12 months.

Reconciliation of scheme liabilities:

	2023 £'000	2022 £'000
At 1 February	(1,276)	(1,606)
Current service (cost)/credit	(74)	42
Interest expense	(15)	(6)
Benefit payments	62	66
Re-measurement gains	162	113
Exchange difference	(12)	115
At 31 January	**(1,153)**	**(1,276)**

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

	Impact on defined benefit obligation		
2023	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.25%	Decrease of 2.5%	Increase of 2.5%

	Impact on defined benefit obligation		
2022	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.25%	Decrease of 2.9%	Increase of 2.9%

Total cost recognised as an expense:

	2023 £'000	2022 £'000
Current service cost/(credit) – within administrative expenses	74	(42)
Interest cost – within finance costs	15	6
	89	**(36)**

The amount recognised in other comprehensive income is:

	2023 £'000	2022 £'000
Re-measurement gains	216	138
Deferred tax on re-measurements	(54)	(25)
	162	**113**

Notes to the Financial Statements continued

For the year ended 31 January 2023

18. Pension obligations continued

Defined benefit pension continued

Based on the demographic data and assumptions at 31 January 2023, a valuation was performed of the benefit expense for the financial year ending 31 January 2024 and the projections were as follows:

	£'000
Current service cost	(65)
Total service cost	**(65)**
Interest cost	(41)
Total net interest on defined benefit (liability)/asset	**(41)**
Total defined benefit cost for the year ending 31 January 2024	**(106)**

The expected benefit payments over the next 10 years are shown below:

	£'000
FY24	55
FY25	21
FY26	39
FY27	47
FY28	110
FY29–FY33	711

Defined contribution pension

The Group operates several defined contribution plans, which receive fixed contributions from group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to all pension costs was £1,120,000 (2022: £1,128,000).

19. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current year and prior reporting years.

	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
At 31 January 2021 as previously reported	**(562)**	**–**	**1,355**	**(17)**	**776**
Prior year adjustment	(199)	–	–	–	**(199)**
At 31 January 2021 as restated	**(761)**	**–**	**1,355**	**(17)**	**577**
Deferred tax (credit)/charge for year in profit or loss – restated	(189)	–	188	(11)	**(12)**
DT credit OCI	–	–	–	(25)	**(25)**
Foreign exchange difference	–	–	–	25	**25**
At 31 January 2022	**(950)**	**–**	**1,543**	**(28)**	**565**
Deferred tax (credit)/charge for year in profit or loss	**(77)**	–	76	(20)	**(21)**
DT charge OCI	–	–	–	54	**54**
Foreign exchange difference	–	–	–	(54)	**(54)**
At 31 January 2023	**(1,027)**	**–**	**1,619**	**(48)**	**544**

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise potential deferred tax assets of £3,243,000 (2022: £4,027,000) in respect of losses amounting to £13,133,300 (2022: £16,044,500) that can be carried forward against future taxable income, on the grounds that at the balance sheet date their utilisation is not considered probable. Losses have no expiry date.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Recoverable within 12 months	–	235	235
Recoverable after 12 months	–	1,384	1,384
Settled within 12 months	(48)	–	(48)
Settled after 12 months	(1,027)	–	(1,027)
	(1,075)	**1,619**	**544**

20. Share capital, share premium account and own shares held

Allotted and fully paid	2023 Number	2022 Number
Ordinary shares of 10p each	110,859,545	110,805,795
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank *pari passu*, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

Voting Rights

1Spatial Plc has 110,859,545 (2022: 110,805,795) ordinary shares of 10p in issue, of which a total of 147,084 (2022: 319,635) ordinary shares are held in treasury. Therefore, the total number of ordinary shares with voting rights is 110,712,461* (2022: 110,486,160).

* In addition, deferred consideration shares with an approximate value of €0.03 million which were issued on 31st March 2023, in relation to the Geomap-Imagis acquisition. See note 7.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 31 January 2022	**337,505,673**	**20,150**	**30,479**	**(303)**
Issue of new shares	**53,750**	**5**	**9**	**–**
Transfer of treasury shares		**–**	**–**	**164**
At 31 January 2023	**337,559,423**	**20,155**	**30,488**	**(139)**

On the 24th January 2023, 53,750 new ordinary shares of 10p each were issued for consideration of £14,244 in settlement of share options exercised.

For details of the Group's share option scheme, refer to note 22.

Own shares

The Group has 147,084 (FY 2022: 319,635) ordinary shares of 10p each and 3,500,000 deferred shares with a nominal value of 4p each held in treasury. The original consideration paid was £0.3m. During the year 172,551 shares were transferred out of treasury to satisfy employee share awards.

Notes to the Financial Statements continued

For the year ended 31 January 2023

21. Other reserves

Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises from the requirement to reflect the fair value of share options vested during the reporting period. For further detail see note 22.

Merger reserve

The merger reserve arises on the difference between the nominal value of shares issued and the premium payable to acquire shares in another company.

Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS 3, 'Business combinations'. The reverse acquisition reserve arose during the year ended 31 January 2010.

Currency translation reserve

The currency translation reserve arises on the translation of foreign entity balances where the functional currency is different from the presentation currency.

Purchase of non-controlling interest reserve

The purchase of non-controlling interest reserve arises on purchase of further shares in a subsidiary of the Group already under the control of the parent company, with the effect of increasing the percentage under control and reducing the percentage owned by the non-controlling interest.

22. Share-based payments

The total charge for the year relating to share-based payment plans was £192,000 (2022: £326,000).

The estimated fair value of the employees' services received in exchange for the grant of share options is measured at the grant date and recognised as an expense on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest. Fair value is determined by reference to the Black-Scholes option pricing model. If a granted option is cancelled and regranted the increase in fair value of the granted option measured immediately before and after the cancellation and regrant is added to the value of the employee's service received in exchange for the grant. If an option is cancelled this is accounted for as an acceleration of the vesting period and any amount unrecognised is recognised immediately.

There were no new LTIP or share option awards made in the year.

Awards vesting/lapsing

2018 LTIP Awards subject to EBITDA target

During the year, 75% of the element of the 2018 LTIP awards subject to the share price condition vested as the financial target of 50p share price was achieved on 23 June 2022 (i.e. in line with the 75% award level but below the 100% allocation level as shown in the table below).

% vesting	Target
50%	40p
75%	50p
100%	60p

As a result, 412,322 options therefore vested on **23 June 2022** (subject to a holding period of one year **23 June 2023**), whilst 157,076 lapsed as a result.

The reconciliation of options over the year to 31 January 2023 is shown below:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding brought forward	9,337,128	26.9p	9,941,496	26.4p
LTIPs granted during the year	–	–	–	–
Share options granted during the year	–	–	–	–
LTIPs exercised during the year	(172,551)			
Share options exercised during the year	(53,750)			
Lapsed during the year	(828,826)	13.3p	(604,368)	18.8p
Outstanding carried forward	**8,282,001**	28.2p	**9,337,128**	26.9p
Exercisable as at 31 January	4,758,677	40.6p	2,043,948	46.5p

The weighted average remaining contractual life of share options outstanding at the end of the year was 6.5 years (2022: 7.6 years). The exercise prices of the outstanding options range between 0p and 46.5p.

23. Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023 £'000	2022 (restated) £'000
Profit attributable to equity shareholders of the Parent	**1,058**	**383**

	2023 Number 000s	2022 Number 000s
Ordinary shares with voting rights	**110,712**	**110,486**
Deferred consideration payable in shares	55	58
Basic weighted average number of ordinary shares	**110,807**	**110,544**
Impact of share options/LTIPS	2,845	4,008
Diluted weighted average number of ordinary shares	**113,652**	**114,552**

	2023 Pence	2022 (restated) Pence
Basic earnings per share	**1.0**	**0.3**
Diluted earnings per share	**0.9**	**0.3**

24. Commitments

The future aggregated minimum payments under non-cancellable short-term leases are as follows:

Short-term lease commitments	2023 £'000	2022 £'000
No later than one year	8	9
Later than one year but no later than five years	–	–
Later than five years	–	–
	8	**9**

Short-term lease payments in this note represent rentals payable by the Group for any of its items that are not recognised under IFRS 16. These are made up smaller leases which are less than twelve months.

Notes to the Financial Statements continued

For the year ended 31 January 2023

25. Contingent liabilities

The Group has given performance guarantees on contracts as follows:

	2023 £'000	2022 £'000
Euro	489	465
US dollar	1	1
Moroccan dirham	39	39
Tunisian dinar	3	2
Total	**532**	**507**

26. Prior year adjustment

The Group has a deferred tax liability in relation to temporary differences on intangibles assets in 1Spatial Group Limited. This deferred tax liability is partially offset by the recognition of a deferred tax asset in 1Spatial Group Limited.

In preparation of the consolidated financial statements for the year ended 31 January 2023, an error was noted in that a deferred tax asset in 1Spatial plc should have been recognised on consolidation to offset this deferred tax liability, as required by IAS12, *Income taxes*. This is because the taxable temporary differences associated with the intangible assets relates to the same tax authority (UK) as the 1Spatial plc deferred tax asset, and as such the Group the asset meets the criteria for recognition. In addition, the offset criteria of IAS12 are also met and therefore the deferred tax amounts are presented net in the statement of financial position.

The error has been corrected by restating each of the affected financial statement line items as follows:

Consolidated statement of financial position

A Third Consolidated statement of financial position has not been presented as the impact as of 1 February 2021 was not deemed to be material.

	2021 £'000	Adjustment £'000	2021 Restated £'000
Non-current liabilities: Deferred tax	776	(199)	577
Accumulated losses	43,931	(199)	43,732
Net assets / Total equity	14,735	199	14,934

	2022 £'000	Adjustment £'000	2022 Restated £'000
Non-current liabilities: Deferred tax	970	(405)	565
Accumulated losses	43,641	(405)	43,236
Net assets / Total equity	15,105	405	15,510

Consolidated statement of comprehensive income

	2022 £'000	Adjustment £'000	2022 Restated £'000
Income tax charge / (credit)	43	(206)	(163)
Profit for the year	177	206	383

Refer to note 19, Deferred tax, for the adjusted disclosure of deferred tax.

Earnings per share and diluted earnings per share adjusted disclosure is included in note 23.

27. Related-party transactions

(a) Key management compensation

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in the Directors' Remuneration Report on page 67.

(b) Controlling party

There is no one party that controls the Group.

(c) Company and subsidiary

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

28. Subsidiaries and associates of the Group as at 31 January 2023

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	–	England & Wales	Holding company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc..	–	Ordinary 100%	United States	Location-based software development and consultancy	8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	–	Ordinary 100%	England & Wales	Location-based software development and consultancy	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	–	Ordinary 100%	Ireland	Location-based software development and consultancy	c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
1Spatial Australia Pty Limited	–	Ordinary 100%	Australia	Location-based software development and consultancy	Level 4, 29 Kiora Road, Miranda, NSW, 2228
1Spatial Belgium SA	Ordinary 100%	–	Belgium	Location-based software development and consultancy	13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	–	Ordinary 100%	France	Location-based software development and consultancy	Bureaux Now Connected, 23–25, Avenue du Dr Lannelongue 75014 Paris, France
SARL Imagis-Tunisie	–	Ordinary 100%	Tunisia	Location-based software development and consultancy	Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
DMR Production	–	Ordinary 100%	Tunisia	Location-based software development and consultancy	Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
1Spatial US Inc.	Ordinary 100%	–	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

Company Statement of Financial Position

As at 31 January 2023

	Note	2023 £'000	2022 £'000
Assets			
Fixed assets			
Investments	3	20,004	19,838
Total fixed assets		**20,004**	**19,838**
Current assets			
Debtors	4	9,147	10,323
Cash and cash equivalents	5	43	531
Total current assets		**9,190**	**10,854**
Creditors: amounts falling due within one year			
Creditors	6	(2,383)	(3,151)
Deferred consideration	7	(28)	(340)
Total creditors due within less than one year		**(2,411)**	**(3,491)**
Creditors: amounts falling due after more than one year			
Deferred consideration	7	–	(27)
Creditors: amounts falling due after more than one year		**–**	**(27)**
Total creditors		**(2,411)**	**(3,518)**
Net assets		**26,783**	**27,174**
Capital and reserves			
Called up share capital	9	20,155	20,150
Share premium account	9	30,488	30,479
Own shares held	9	(139)	(303)
Share-based payments reserve		4,761	4,569
Merger reserve		16,466	16,466
Currency translation reserve		(125)	(125)
Accumulated losses (of which loss for the year was £597,000 (2022: £672,000))		(44,823)	(44,062)
Total equity		**26,783**	**27,174**

The financial statements on pages 114 to 122 were approved and authorised for issue by the Board on 25 April 2023 and signed on its behalf by

Stuart Ritchie
DIRECTOR

Registered company number (England): 5429800

Company Statement of Changes in Equity

For the year ended 31 January 2023

£'000	Share capital	Share premium account	Own shares held	Share-based payments reserve	Merger reserve	Currency translation reserve	Accumulated losses	Total equity
Balance at 31 January 2021	**20,150**	**30,479**	**(303)**	**4,243**	**16,466**	**(125)**	**(43,390)**	**27,520**
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(672)	(672)
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(672)**	**(672)**
Transactions with owners								
Recognition of share-based payments	–	–	–	326	–	–	–	326
	–	**–**	**–**	**326**	**–**	**–**	**–**	**326**
Balance at 31 January 2022	**20,150**	**30,479**	**(303)**	**4,569**	**16,466**	**(125)**	**(44,062)**	**27,174**
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(597)	(597)
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(597)**	**597**
Transactions with owners								
Issue of shares	5	9	–	–	–	–	–	14
Transfer of treasury shares on exercise of options	–	–	164	–	–	–	(164)	–
Recognition of share-based payments	–	–	–	192	–		–	192
	5	**9**	**164**	**192**	**–**	**–**	**(164)**	**206**
Balance at 31 January 2023	**20,155**	**30,488**	**(139)**	**4,761**	**16,466**	**(125)**	**(44,823)**	**26,783**

Notes to the Company Financial Statements

For the year ended 31 January 2023

1. Summary of significant accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on industry experience and various other factors that are believed to be reasonable under the circumstances.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The estimates and assumptions relating to the carrying value of investments have a significant risk of causing a material adjustment in the next financial year. Refer to note 3 for further information.

The following exemptions from the requirement of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of Cash Flows'
- The requirements in IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, and to disclose compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based Payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- The requirements in IAS 8 to disclose information in relation to a new standard that has been issued but is not yet effective

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a statement of comprehensive income in these separate financial statements. The loss attributable to members of the company for the year ended 31 January 2023 is £597,000 (2022: £672,000).

The auditors' remuneration for audit and other services is disclosed in note 6(a) to the consolidated financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout all years presented except where otherwise indicated.

There is no one party which controls the Company.

Going concern

Taking into account the cash flow projections approved by the Board of Directors, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

Share-based payments

The Company operates a number of equity-settled, share-based payment compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market-based performance conditions (for example, the Company's share price) but excluding the impact of any service and non-market performance vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Investments

Investments in group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account. Management has used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 3 for further information.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. The Company has utilised the simplified approach to measuring credit losses, using a lifetime expected loss allowance for all trade receivables and contract assets. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

This loss allowance for intercompany receivables are based on management assumptions about the risk of default and expected loss rates. Management has made estimations in making these assumptions and inputs to the impairment calculations which are based on history, external conditions and forward looking scenarios.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise readily accessible cash at bank and in hand. Bank accounts held which have an original maturity of more than three months, or which are subject to significant restrictions over access, are not presented as cash and cash equivalents. Such amounts are shown separately as short-term investments or other financial assets with appropriate disclosure of the related terms.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle that carrying amount of its assets and liabilities.

Notes to the Company Financial Statements continued

For the year ended 31 January 2023

1. Summary of significant accounting policies continued

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the period in which they arise.

Employee pensions

The Company operates a stakeholder pension plan for which all employees are eligible. No employees have as yet joined the scheme.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Share capital

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

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Company holds investments in group undertakings with a carrying value of £20,004,000. The key assumptions concerning the carrying value of the investment in subsidiaries have been set out in note 3.

1.1 Financial risk management

The Company's financial instruments comprise amounts due to/from subsidiary undertakings, cash and cash equivalents, other receivables and trade and other payables. The Company's approach to the financial risks is discussed in note 3, Financial Instruments, to the consolidated financial statements.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's policy is to manage working capital in order to ensure that liquidity is maintained so as to meet peak funding requirements.

Foreign currency risk

As at 31 January 2023 and 31 January 2022, there was no significant foreign exchange currency exposure to the Company.

Borrowing facilities

The Company has a £3m Revolving Credit Facility (FY 2022: £nil) at the reporting date to support working capital requirements. The RCF is denominated in GBP with an expiry date of 22 June 2025. The interest rate for any drawn amounts is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). There is a commitment fee of 1.15% per annum of any undrawn part of the Facility. This facility was undrawn at 31 January 2023.

2. Directors' emoluments

Details of Directors' emoluments borne by the Company are disclosed in the Directors' Remuneration Report on page 67. This includes details of the highest paid Director.

3. Investments

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2022	42,114
Capital contribution to subsidiaries	164
At 31 January 2023	**42,278**
Accumulated amounts provided	
At 1 February 2022	22,276
At 31 January 2023	**22,276**
Net book amount	
At 31 January 2023	**20,004**
At 31 January 2022	19,838

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2021	41,886
Capital contribution to subsidiaries	228
At 31 January 2022	**42,114**
Accumulated amounts provided	
At 1 February 2021	22,276
At 31 January 2022	**22,276**
Net book amount	
At 31 January 2022	**19,838**
At 31 January 2021	19,610

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

The recoverable amount of the investments held is determined from value in use calculations for the cash-generating unit (CGU) covering a five-year period. The detailed plan put together by the management team and the Board makes assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

Notes to the Company Financial Statements continued

For the year ended 31 January 2023

4. Debtors

	2023 £'000	2022 £'000
Amounts owed by group undertakings	8,863	10,127
Taxation and social security	35	19
Other receivables	7	33
Prepayments and accrued income	242	144
	9,147	**10,323**

All amounts that fall due within one year are presented within current assets as required by the Companies Act. The amounts owed by group undertakings are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the group companies. These amounts are unsecured and interest free.

5. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	43	531

6. Creditors due in less than one year

	2023 £'000	2023 £'000
Amounts owed to group undertakings	1,760	2,218
Trade payables	194	102
Taxation and social security	38	26
Other payables	4	2
Accrued liabilities	387	803
	2,383	**3,151**

The carrying value of trade and other payables is consistent with their book values. It is the Company's policy to settle trade payables within normal credit terms. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

7. Deferred consideration

Disclosures in relation to the deferred consideration on the acquisition of the Geomap-Imagis group are made in note 17 to the consolidated financial statements.

8. Share-based payments

Disclosures in relation to the share options in issue are made in note 22 to the consolidated financial statements.

9. Share capital, share premium account and own shares held

Allotted and fully paid	2023 Number	2022 Number
Ordinary shares of 10p each	110,859,545	110,805,795
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares
The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

On the 24th January 2023, 53,750 new ordinary shares of 10p each were issued for consideration of £14,244.

Deferred shares
The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 31 January 2022	**337,505,673**	**20,150**	**30,479**	**(303)**
Transfer of treasury shares	–	–	–	(164)
New issue of shares	53,750	5	9	–
At 31 January 2023	**337,559,423**	**20,155**	**30,488**	**(139)**

Own shares
The Company has 147,084 (FY 2022: 319,635) ordinary shares of 10p and 3,500,000 deferred shares of 4p held in treasury. The original consideration paid was £0.3m. During the year 172,551 shares were transferred out of treasury to satisfy employee share awards.

Notes to the Company Financial Statements continued

For the year ended 31 January 2023

10. Subsidiaries and associates of the Company as at 31 January 2023

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	–	England & Wales	Holding company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc..	–	Ordinary 100%	United States	Location-based software development and consultancy	8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial Group Limited	–	Ordinary 100%	England & Wales	Location-based software development and consultancy	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	–	Ordinary 100%	Ireland	Location-based software development and consultancy	c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
1Spatial Australia Pty Limited	–	Ordinary 100%	Australia	Location-based software development and consultancy	Level 4, 29 Kiora Road, Miranda, NSW, 2228
1Spatial Belgium SA	Ordinary 100%	–	Belgium	Location-based software development and consultancy	13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	–	Ordinary 100%	France	Location-based software development and consultancy	Bureaux Now Connected, 23–25, Avenue du Dr Lannelongue 75014 Paris, France
SARL Imagis-Tunisie	–	Ordinary 100%	Tunisia	Location-based software development and consultancy	Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
DMR Production	–	Ordinary 100%	Tunisia	Location-based software development and consultancy	Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
1Spatial US Inc.	Ordinary 100%	–	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

11. Contingent liabilities

As disclosed in note 2 of the consolidated financial statements, Summary of significant accounting policies, the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2023. 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2023. The Company guarantees the liabilities of the company at the end of the year until those liabilities have been settled in full. The contingent liability at the year-end was £92,000 (2022: £48,000).

12. Subsequent events

On Friday, March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection & Innovation and the FDIC was named Receiver. No advance notice is given to the public when a financial institution is closed. The FDIC has created the Deposit Insurance National Bank of Santa Clara (DINB) to facilitate the resolution of Silicon Valley Bank. To protect the depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB) to allow depositors access to their insured deposits and time to open accounts at other insured institutions.

The Company held no cash balances with Silicon Valley Bank and to date no exposures have been noted in our customer base.

Company Information

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S Ritchie	Chief Financial Officer
A Roberts	Non-Executive Chairman
F Small	Non-Executive Director
P Massey	Non-Executive Director

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