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1Spatial Plc
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1Spatial plc (AIM: SPA)

(**"1Spatial",** the **"Company"** or the **"Group"**)

Final results for the year ended 31 January 2020

1Spatial, a global leader in providing Location Master Data Management (LMDM) software and solutions, is pleased to announce audited final results for the year ended 31 January 2020.

Group financial highlights

- Revenue up 33% to £23.4m (FY19: £17.6m)
  - £5.8m contribution from Geomap-Imagis ("GI"), acquired in May 2019
  - Organic Solutions revenue up 7% to £13.1m and on a LFL basis*** up 12% to £13.1m
  - Managed decline of existing GIS revenue to £4.5m (FY19: £5.3m)
- Recurring revenue grew by 30% to £9.6m representing 41% of Group revenue (FY19: £7.4m, 42%), marginally lower as a proportion of total revenue due to GI's lower proportion of recurring revenues
  - Solutions organic recurring revenue up 13% to £5.2m (FY19: £4.6m)
  - Embarked on a switch from perpetual to subscription or term licencing, in order to increase revenue visibility
- Adjusted* EBITDA up 167% at £3.2m (FY19: £1.2m) of which £1m due to change in accounting for leases (IFRS 16)
- Adjusted* EBITDA margin increased from 6.8% in FY19 to 9.4% on a like-for-like basis in FY20 before the impact of IFRS 16
- Operating loss reduced to £1.5m (FY19: £1.6m)
- Overall loss for the year including discontinued operations reduced to £1.5m (FY19: £1.7m)
- Operating cash inflows (before strategic, integration and other irregular items, interest and tax) increased to £0.8m (FY19: £0.5m)
- Cash and cash equivalents at year-end of £5.1m (FY19: £6.4m)
- Cash and cash equivalents net of loans at year-end of£3.9m (FY19: £6.4m)

	31 January 2020 £m	**31 January 2019 £m**	**Variance %**
Revenue	23.4	17.6	33%
Adjusted* EBITDA	3.2	1.2	167%
Adjusted* EBITDA before the impact of IFRS 16 'Leases'**	2.2	1.2	83%
Operating loss	(1.5)	(1.6)	(6%)
Loss after tax	(1.5)	(1.4)	7%
Revenue on a like-for-like ("LFL") basis			
Existing Solutions	13.1	12.3	7%
Existing GIS	4.5	5.3	(15%)
Acquisition (9 months)	5.8		
Total revenue	**23.4**	**17.6**	

** Adjusted for strategic, integration, other irregular items and the share-based payment charge*
*** Refer to reconciliation in CFO review, Results section*
**** The prior year included £0.6m of revenue that did not recur in the year ended 31 January 2020 as 1Spatial Inc. no longer qualified as a Women-Owned Business. On a like-for-like basis, core existing Solutions revenue is therefore up £1.4m, or 12%*

Group operational highlights

- Successful acquisition of Geomap-Imagis for a total consideration of €7m in May 2019, immediately earnings enhancing and strategically important; integration is progressing well, including first cross-sale of 1Integrate
- New customer wins in all geographies, including a pilot project with the GLA in the UK, five State Departments of Transportation in the USA, Greater Reims and SFR, the second largest telecoms operator, in France and The Bureau of Meteorology in Australia
- Land and expand strategy driving continued expansion of existing customer engagements, including Northern Gas Networks in the UK, Google and the California Department of Transport in the USA, and a large French water utility company
- Increased R&D investment, with multiple new business applications in development and the launch post year-end of our cloud-portal, 1Data Gateway
- Continued customer wins post year end, including a multi-year contract with one of the HS2 suppliers in the UK for 1Data Gateway and a four-year framework agreement with Seine Grands Lacs (the Seine River Management Agency) in Paris and contract expansions with a number of existing customers

Current Trading & Outlook

- The Group has responded swiftly to COVID-19, moving to remote working across all operations and supporting customers remotely
- Trading in the new financial year has been in line with management's expectations, with all existing customer implementations and contracts progressing to plan and newly secured contracts progressing as anticipated
- The sales pipeline is healthy; however, as decision-making is likely to be protracted in the current environment and the timing of new sales hard to predict, the Group is withdrawing market guidance for the current financial year until such time as visibility improves
- The Group has increased its access to funding from corporate lenders by £1.8m (with a further £0.3m expected to be secured in June 2020) as a precautionary measure to provide extra comfort
- The Group benefits from a diverse customer base, with little exposure to the sectors currently most severely impacted by COVID-19 and across multiple geographies, 41% of revenues are recurring in nature and the Group has a strong order book of contracted future revenue
- The Board is confident the Group has the resources to withstand the current challenging environment and is on the right track to deliver sustainable growth at scale in the medium to longer-term.

Commenting on the results, 1Spatial CEO, Claire Milverton said:

"This has been a year of strategic delivery and progress at 1Spatial, marking the successful completion of our three-year turnaround strategy and placing the Group on a strong footing to capitalise on the growing demand for usable location-based data in our target industries and geographic markets. The year has seen good growth in our customer base, demonstrating the strength of our offering and providing the opportunity for additional expansion of these relationships in the year ahead.

"As we transition to a repeatable solutions provider, seeking to unlock the value in location data, the potential to scale 1Spatial through our technical innovation is clear. Key initiatives for the year ahead will be to build a sales pipeline for our LMDM solutions, continue to invest in innovation and explore further partner opportunities to expand our market reach.

"We have a substantial order book of contracted future revenue, a wide range of customers in stable industry segments and a strong balance sheet. While the timing of new sales is hard to predict in the current environment, we are confident we have the resources to withstand the current challenges and are on the right track to deliver sustainable growth at scale in the medium to longer-term."

For further information, please contact:

1Spatial plc 01223 420 414
Claire Milverton / Nicole Payne

N+1 Singer 020 7496 3000
Shaun Dobson / Tom Salvesen / Alex Bond

Alma PR 020 3405 0205
Caroline Forde/ Justine James/Harriet Jackson 1spatial@almapr.co.uk

About 1Spatial plc

1Spatial plc is a global leader in providing Location Master Data Management (LMDM) software and solutions, primarily to the Government, Utilities and Transport sectors. Our global clients include national mapping and land management agencies, utility companies, transportation organisations, government and defence

departments.

Today - as location data from smartphones, the Internet of Things and great lakes of commercial Big Data increasingly drive commercial decision-making - our technology drives efficiency and provides organisations with confidence in the data they use.

We unlock the value of location data by bringing together our people, innovative solutions, industry knowledge and our extensive customer base. We are striving to make the world more sustainable, safer and smarter for the future. We believe the answers to achieving these goals are held in data. Our 1Spatial Location Master Data Management (LMDM) platform incorporating our 1Integrate rules engine delivers powerful data solutions and focused business applications on-premise, on-mobile and in the cloud. This ensures data is current, complete, and consistent through the use of automated processes and always based on the highest quality information available.

1Spatial plc is AIM-listed, headquartered in Cambridge, UK, with operations in the UK, Ireland, USA, France, Belgium, Tunisia and Australia. For more information visit www.1spatial.com

Chairman's report

This has been a year of strategic delivery and progress at 1Spatial. Whilst the business has continued to execute on its core growth strategy, securing new customers across all geographies and expanding existing customer relationships, we have also embarked on the switch from perpetual to term licensing. We have invested in digital solutions with a strong bias towards SaaS, in order to create a relevant product portfolio backed by meaningful long-term recurring revenues. The management team have now successfully completed the planned three-year turnaround strategy and, as we look forward, 1Spatial has a market-leading set of products and is on a strong footing to capitalise on the growing demand for usable location-based data in our target industries and geographic markets.

During this period, we also acquired Geomap-Imagis (GI) in May 2019. Based in France, this key acquisition was immediately earnings enhancing, has given us a leading market share position in France and, most importantly, gives our existing clients a route to economically transfer to Esri-based technology (the global market leading GIS technology), from which our new applications are built. Through our enhanced partnership agreement signed with Esri Inc. in the year, we have created the opportunity for substantial growth over the coming years in our key area of focus - Location Master Data Management (LMDM).

Financials

As in the prior year, our key financial objectives in FY20 were to ensure improved profitability at adjusted* EBITDA level and improved operating cash generation from continuing operations (before strategic, integration and other irregular items). The business also aimed to follow-through on key strategic initiatives, such as the development of replicable data management solutions and business applications, which should continue to drive revenue growth in future financial years. The results for the year ended 31 January 2020 reflect the ongoing improvement in these metrics.

The Group delivered growth in revenues of 33% to £23.4m (FY19: £17.6m), with an underlying organic revenue growth rate of 7% in the core Solutions offering. This represented a good result, given the particularly strong prior year and the Group's continuing transition away from perpetual to subscription software licencing. Recurring revenues grew 30% to £9.6m (FY19: £7.4m), representing 41% of group revenue (FY19: 42%), providing strong visibility for the Group as we progress in to FY21. Adjusted* EBITDA increased by over 166% to £3.2m (FY19: £1.2m), benefitting from a contribution from GI and £1.0m from the impact of adopting IFRS 16 'Leases' which removes costs from EBITDA. Loss after tax increased from £1.4m in FY19 to £1.5m, with overall loss for the year reduced from £1.7m in FY19 to £1.5m. The Group closed the financial year with a healthy cash and cash equivalent balance of £5.1m (£3.9m net of loans) (31 January 2019: £6.4m cash and cash equivalents, with no loans). Importantly, the Group was free cash flow positive in the second half of the year, notwithstanding some delay in cash collection at year end, and exceptional cash outgoings relating to the acquisition and integration of GI, pointing to a positive progression in this regard.

Board and corporate governance

Corporate governance is taken very seriously at 1Spatial and is continually assessed. We have provided more information on this in the Corporate Governance Report included in this Annual Report. Peter Massey is Chair of the Remuneration Committee, Francis Small is the Chair of the Audit Committee. I am Chair of the Nomination Committee.

Our people

I would like to take this opportunity to thank our team for their continued commitment throughout this year, and to welcome the GI team who have integrated so effectively within the Group. The growth of the business has undoubtedly been assisted by the dedication of our staff, whilst the continued high level of renewal and expansion of contracts is testament to the strength of our product offering and customer relationships.

Despite the difficult period that the world has recently entered, our team has worked tirelessly to continue to service our customers and I am extremely grateful for everyone's effort and ongoing support. Our priority at this time is to ensure the wellbeing of our teams around the world, while continuing to deliver outstanding support to our customers.

Looking forward

At the time of writing, the COVID-19 pandemic is affecting people and businesses around the world and it is evident its impact will be felt for quite some time. As a Board, we took swift action in March 2020 to protect our teams, moving to remote working and implementing our business continuity plans to ensure the safety of our staff and the continued high levels of support for our customers. We will continue to closely monitor the evolving situation, the impact on our customers and people, and will respond accordingly to safeguard the business and protect the interests of all stakeholders over the longer term.

Looking forward, as 1Spatial transitions to a repeatable solutions provider, seeking to unlock the value in location data, the potential to scale 1Spatial through our technical innovation is clear. We have a substantial backlog of contracted future revenue, a wide range of customers in stable industry segments of Government, Utilities and Transport and a strong balance sheet. While the timing of new sales is hard to predict in the current environment, I am confident we have the resources to withstand the current challenges and are on the right track to deliver sustainable growth at scale in the medium to longer-term.

Andy Roberts
Non-Executive Chairman

Strategic report

Our Market

1Spatial operates within the growing global market for location-based software often referred to as the Geographic Information System (GIS) or geospatial market. In May 2019, industry research house, Allied Market Research, forecast the global GIS market to reach $7.86 billion by 2025 from $3.24 billion in 2017, growing at a CAGR of 11.8% from 2018 to 2025. The report cited the development of smart cities, increased urban planning, the rise in adoption of location-based software in facilities management and growing adoption within transportation as the major factors driving the growth in the global market. The adoption of cloud and 3D software are also anticipated to drive growth in the market.

The increased focus on efficiency and advancement of new technologies, such as the Internet of Things, Mobile, Drones and Lidar, is driving unprecedented growth in both the quantity of location data and the need for applications to derive value from it. It is an accepted fact now that approximately 80% of all data has a location component to it. The variety of formats and repositories of this data mean that much is currently unusable. This growing business need means that GIS is becoming more 'mainstream' and an area of focus within the enterprise and across government organisations.

Our Heritage and Competitive Positioning

Very few companies have the breadth of knowledge, the location expertise and unique product solutions that 1Spatial offers.

The 1Spatial Location Master Data Management (LMDM) offering includes data management solutions which can connect, cleanse and integrate location data together with other data sources, and business applications which can sit on top of GIS databases. This capability ensures 1Spatial can unlock the value within all the data, enabling our customers to provide a better service and save money. The importance of location-based solutions and the resilience of the data that underpins these solutions will become an imperative for businesses and governments to provide the services to their customers or citizens.

The forecast growth of the GIS market is attracting more software providers into the market; however we believe very few have a comparable heritage within location data, the breadth of knowledge of the sector and the expertise. This growth of the market landscape provides opportunities for us to partner with organisations who have applications or customers, but do not have the location data management skills necessary. Our close relationship with Esri Inc., the global market leader in GIS database software, also gives us additional credibility together with enhanced reach and market visibility.

We focus on three industries where accuracy of location and geospatial data are key: Government, Utilities and Transport. This focus spans across four geographic markets: the UK & Ireland, USA, Europe, and Australia. Additional market drivers in the USA include a renewed focus across the government and transportation sectors on data governance, where 1Spatial has strong credentials with 1Integrate. We are unlocking growth opportunities in the European markets through our strengthening allegiance with Esri Inc. and partnership with Esri France, to jointly market to the local government sector.

Our Vision

We are striving to make the world more sustainable, safer and smarter for the future. We believe the answers to achieving these goals are held in data. At 1Spatial, we are committed to working with our customers, to unlock the value of their data and create a smarter world.

Our vision is to be leaders in the provision of Location Master Data Management solutions (LMDM). LMDM describes data management solutions and services that cleanse, match and integrate data, flowing through into specialised business applications targeted to specific industries. Our product offering includes automated data cleansing and verification solutions (1Integrate) together with business applications that deliver real value from that data (e.g. 1Water, Automated Schematics Generation for utility networks, or U.S. Highways Performance Management Systems). Our customers use these solutions via a range of delivery mechanisms, including our LMDM cloud platform which incorporates our new portal, 1Data Gateway.

Our Strategy

We help customers make better business decisions and move forward to a smarter world, by unlocking the value of location data.

We unlock the value of their location data by bringing together our people, innovative solutions, our industry knowledge and our extensive customer base.

Our talented people work collaboratively with customers and partners to build innovative data management solutions and business applications in our target industries and geographic markets:

- Government, Utilities and Transport
- UK & Ireland, USA, Europe & Australia

Growth Strategy: Three Strategic Pillars

We are building our highly scalable business on three pillars:

1. Innovation

Innovation lies at the heart of 1Spatial. We have been at the forefront of providing software to manage location data for over 50 years.We help organisations build strong location data infrastructures, leading to better business decisions. We do this using our automated, rules-based approach to data validation, integration and enhancement.

Our three areas of innovation are:

- **Data Management Solutions - 1Integrate**: We will enhance our core 1integrate rules engine, using new technologies to improve our competitive positioning through increased data management

- **Business Applications**: We will develop and bring to market powerful business applications, developed to meet our customer needs. We will focus our efforts on the sectors in which we have extensive domain expertise and proven competitive advantage.

- **Cloud platform**: We will deliver our business applications quickly and efficiently. We are developing a scalable multi-tenant cloud platform, which will provide customers access to turn-key versions of our business applications.

2. Customer Relationships

We will grow our customer base and strengthen customer relationships. We want to be our customers' strategic partner and trusted advisor in Location Master Data Management in our chosen industries and geographies.

- We will leverage our customer relationships to identify business problems and develop business applications to solve them.
- We will be first to market with innovative solutions for wide-scale business problems within our target markets.
- 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.

3. Smart Partnerships

We will use smart partnerships to extend our market reach, providing additional scale to our capabilities.

- We will partner with major technology consultancies and GIS providers in complex customer programmes. Our powerful rules engine, 1Integrate, will provide the data cleansing and automation, allowing the software components of the programmes to communicate with each other.

- We will collaborate with software platform providers, such as Esri Inc.. We will enhance the value of their technology in their platforms through the development of pre-built business applications.

- We will partner with other organisations to enter adjacent industry verticals, where our location data expertise can combine with their domain expertise.

We will consider strategic and bolt-on acquisitions to complement our organic growth.

CEO review

At the heart of 1Spatial lies a long history of innovation within the location data management industry. We are using this history, expertise and skill to develop relevant and repeatable software applications, targeted to specific industries, where accurate and interpretable location data is key. The 13% organic growth rate for recurring revenues (FY19: 10%) within our core Solutions offering in the year demonstrates that we have the right strategy in place.

The year has seen good growth in our customer base, demonstrating the strength of our offering and providing the opportunity for additional expansion of these relationships in the year ahead. We have seen the expansion of existing customer accounts, as we assist customers in their location-based business challenges. We have increased R&D investment in the year; enhancing our core 1Integrate rules engine, developing repeatable business applications targeted for specific industries, and continuing the development of our cloud-based LMDM platform.

Completion of three-year turnaround strategy

This year marked the successful conclusion of the three-year turnaround strategy mapped out in 2017. As well as growing customer traction, the Group now has a strengthened financial position, having grown our recurring revenue base, delivered growth in adjusted* EBITDA, and moved into a free cash flow positive position in the second half of FY20.

We have a far broader number of clients across both industries and geographies, providing us with a strong basis for revenue growth in future years. The USA in particular has shown excellent growth, with Solutions customer numbers increasing from just three in 2015, to over 30, confirming the logic behind our strategic focus and the significant potential we see in this market.

The successful acquisition and integration of Geomap-Imagis during the year has aligned our French operation with the Group strategy as well as bringing us closer to Esri Inc., the global market leader in GIS technology. These initiatives have increased new customer wins and cross-selling to existing customers in France in the second half of the year and we have been delighted by how well the two French teams have combined.

We have reorganised our customer account management and sales teams across the Group into teams targeting the Government, Utilities and Transport sectors and as a result we are now much closer to our customers. We consistently receive outstanding customer feedback, as demonstrated by the repeat business we secure.

As we embark on the next phase of our growth strategy, with innovation and scalability at its core, we do so from a considerably strengthened financial and operational position.

FY20 Strategic review

We have made solid progress in the year against our strategy.

1. **Innovation**

Data Management Solutions - 1Integrate

We have continued to develop 1Integrate, our market-leading rules engine for location data management including support for Google Big Query and 1Data Gateway. It is

being extended to include full 3D data within its validation and enhancement capabilities, which will continue through 2020. This will be particularly relevant for facilities management solutions, a potential additional sector for the Group. We also started enhancing its capabilities in order to underpin the creation of an elastically scalable multi-tenancy cloud platform.

Business Applications

During the year we started development on a number of new business applications including 1Water for water network management, being rolled out in France initially but applicable globally; Automatic Schematic Generation for the utilities sector, applicable globally; Traffic Management Plan Automation to be launched in the UK market, RealWorld4D for the construction and facilities management sectors globally and two mobile applications to sit on our Mobile platform, LMAP. Development of all these applications will continue in FY21.

Cloud platform

Alongside the continued development of repeatable business applications, we are developing a scalable multi-tenant cloud platform for Location Master Data Management. The platform will incorporate our 1Integrate rules engine and a user portal to enable access 'plug and play' versions of our business applications. We anticipate the ease of use of the platform will reduce barriers to customer sales and the inherently flexible nature of the cloud technology will increase our ability to scale.

Our approach to development of the platform is to gradually add capabilities to deal with the requirement for an elastically scalable and multi-tenancy platform. 1Spatial products such as 1Integrate were designed from the ground up to be web-based and scalable and the focus now is to enhance the data access, monitoring, control and isolation capabilities to allow many customers to use the same instance. This programme will continue through 2020 and 2021 and will allow many customers and many different rules-based business applications to be delivered from a single platform rather than independent platforms. Development work on the platform has progressed well in the year, including enabling data access from Esri Feature services, upgrading to the latest platform versions and improving the logging mechanism for operational monitoring.

The key initiative for FY20 was the development and launch of the platform's user portal, 1Data Gateway. An initial prototype version was tested during the year, with full launch in March 2020, post year-end.

1Data Gateway is a portal for accessing the 1Integrate rules engine, meaning our renowned rules-based approach to managing data can now be made available by our customers to their external suppliers of data. There is a real need in the market for organisations to make use of data from different sources, but it is key that this data is quality checked before being submitted to their own authoritative datasets. For organisations dealing with complex and varied supply chains, 1Data Gateway ensures data is checked at source. The portal centralises the management of suppliers, partners and rules to create a collaborative approach, promoting efficiency in data capture and submission across the supply chain. One of the first Apps built for the 1Data Gateway Portal is for Supply Chain Management.

Customers already using 1Data Gateway include suppliers within the UK's HS2 high speed rail line construction project and certain US State Departments of Transportation.

2. Customer Relationships

We continued to strengthen our relationships with customers through the year, holding multiple customer focused events, such as our Smarter Data, Smarter World Conference in November which saw representatives from over 100 companies gather to hear presentations and attend workshops on how organisations are innovating, automating and collaborating with location data. We ran webinars and spoke at industry events throughout the year, across all our geographic markets. Our account management teams are sector focussed to ensure best domain expertise and on our larger customers we carry out major planning workshops to identify how further developments could support their needs.

The success of our customer focus, combined with ongoing transition to term licencing, can be seen in the 13% organic revenue growth of our Solutions offering, compared to 10% in the previous year, driven both by new customer wins and expansion of existing customer accounts.

Land & Expand

The Group delivered a healthy number of new customer wins in the year across all regions, including 19 strategic wins within our LMDM offering, with the USA performing particularly well. Following these new customer wins and the addition of Geomap-Imagis, we have approximately 1,000 customers across the Group, providing a strong basis for future expansion. Solutions most in demand in the year were data management and 1Integrate in the USA and the UK, Utilities and Urban Planning Esri-based business applications in France and Europe. New clients added in the year included five State Departments of Transportation and the State of Maine Emergency Services Communication Bureau in the USA, a pilot project with the Greater London Authority in the UK, Greater Reims and SFR, the second largest telecoms operator in France and The Bureau of Meteorology in Australia.

The Group secured multiple customer expansion contracts in the year, with notable expansions including Northern Gas Networks in the UK, Google in the US, the California Department of Transport in the US, and a large French water company, an example of the cross-sale of 1Integrate following the GI acquisition. Several of these contracts are related to product innovation, which will result, in time, in the launch of new business applications. Our longstanding customers, such as Ordnance Survey, Ordnance Survey Ireland, the Rural Payments Agency and Engie (France), have also continued to expand the solutions and services we provide.

3. Smart Partnerships

We made good progress in the year adding or strengthening partnerships in each of our three areas of focus to extend our market reach.

These included alliances with IT provider Neueda in Northern Ireland, to collaborate on large IT programmes, through whom we will supply location data management solutions to the Department of Agriculture, Environment and Rural Affairs in Northern Ireland (DAERA) and other opportunities; Michael Baker International in the US, embedding 1Integrate into the Michael Baker DataMark platform to enter the 911 Emergency Services sector with good levels of initial sales to DataMark customers; and a new partnership agreement with Esri Inc, described in more detail below.

Agreement with Esri Inc.

In May 2019, we were delighted to announce a new partnership agreement with Esri Inc., enabling 1Spatial Europe's existing clients, should they wish, to migrate to an Esri platform while remaining retained customers of the Group. The terms of Partnership Agreement also provide for training for the 1Spatial team on the Esri software products, in order to facilitate the smooth migration of existing clients. The migration of 1Spatial Europe customers will enable the division to redirect its focus to the development of specific sector business applications, assisted and accelerated through the addition of Geomap-Imagis. The first customers have commenced migration. In recent months, Esri has collaborated with 1Spatial France on the marketing of the 1Water business application, with a positive initial response from the market.

Integration of Geomap-Imagis

Following the acquisition of Geomap-Imagis in May 2019, the integration process is now substantially complete, with a few outstanding matters, such as the legal merger, to be completed once the COVID-19 situation has lifted. The merits of the deal are clear. New orders currently amount to around €500k per month to both new and existing clients, excluding support and maintenance renewals and the first cross-sale of 1Integrate, and this is supported by a strong and growing pipeline of opportunities, with further contracts secured after the year-end.

The two French teams have come together, with all teams integrated and working to common goals and practices, selling across the entire portfolio. We have also been pleased with the Tunisian development and data-digitisation team, which are proving to be a valuable addition to the Group. The combined French team participated in our Global Sales Kick-off at the start of the new financial year and 1Data Gateway is now being seeded into the French market. The value of the development work taking place in France is evident in two of our most promising Business Applications, 1Water and RealWorld4D, both of which we believe have global applicability.

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

Strategic priorities for the year ahead

Key initiatives for the year ahead will be to build a sales pipeline for our LMDM solutions, continue to productise our data management solutions and business applications, enhance 1Integrate, develop our cloud-based LMDM platform and explore further partner opportunities to expand our market reach. We started the current year with two exciting developments in the evolution of our core products with the launch of 1Data Gateway and a new release of the core 1Integrate product. Together they should help revolutionise the way our customers manage and achieve insights from their location-based data.

Our financial goals will be to increase annual recurring revenue as a proportion of Group revenue and continue our trajectory over the long-term towards increased profitability at adjusted* EBITDA level and cash generation.

COVID-19, Current Trading & Outlook

Coronavirus (COVID-19) continues to have an unprecedented impact globally and our business continuity plans remain robust. All sites have moved to remote working, in line with government guidelines and we are grateful for the fantastic response from the whole 1Spatial team all over the world who are rallying to ensure we maintain business as usual, continuing to provide outstanding support to our customers. The teams have shown extraordinary ingenuity and commitment, really stepping up in this challenging time, for which I and the Board thank them wholeheartedly. As a Group we will be guided by the advice of governments across our territories on maintaining measures to protect our employees as the social distancing restrictions are adjusted.

Trading in the new financial year has begun in line with management's expectations, with all existing customer implementations and contracts progressing to plan and

newly secured contracts progressing as anticipated. We have signed contracts across all our geographies, including a multi-year contract with one of the HS2 suppliers in the UK for 1Data Gateway, a four-year framework agreement with Seine Grands Lacs (the Seine River Management Agency) in Paris and expanded our contracts with a number of existing customers.

-Our sales pipeline is healthy; however, decision-making is likely to be protracted in the current environment and the timing of new sales hard to predict. Given the uncertainty as to the timing of new sales, the Group is withdrawing guidance for the current financial year, until such time as visibility on pipeline conversion improves.

We have increased our access to funding from our corporate lenders by £1.8m (with a further £0.3m expected to be secured in June 2020) as a precautionary measure to provide extra resources should we enter a protracted period of uncertainty. We have reduced expenditure through the deferment of pay-rises and reduction in ad hoc spend and we maintain a tight control of costs. If we were to see a slow-down in our customer win rate and activities, we would take appropriate action.

Notwithstanding the current environment, 1Spatial has evolved as a resilient business with a solid platform for further growth once the current challenges of COVID-19 have lessened. We will continue to invest in the development of repeatable data management solutions and business applications, seeking to increase our recurring revenues and the scalability of our offering and ensure we are in a strong position to capitalise on the growing demand for usable location-based data.

With our software supporting mission critical operations at many of our customers, our growing levels of recurring revenue and our strong backlog of contracted future revenue, we believe our business to be well positioned to withstand this difficult period and while the timing of new sales in the short-term is hard to predict, look to the future of the Group with confidence.

Claire Milverton
Chief Executive Officer

CFO review

The financial performance in the year bears out our focus on the core Solutions offering and the successful integration of Geomap-Imagis, with improvements in revenues and adjusted* EBITDA, and operating cashflows generated before strategic, integration and other irregular items, interest and tax. Revenues increased by 33% to £23.4m (FY19: £17.6m), adjusted* EBITDA increased from £1.2m to £3.2m (or £2.2m after IFRS 16 on a LFL basis) and the Group generated operating cash inflows in the year of £0.8m, before strategic, integration and other irregular items, interest and tax, ending the year with a closing cash and cash equivalents balance of £5.1m (£3.9m net of debt).

Results

	2020 £m	2019 £m
Continuing operations		
Revenue	23.4	17.6
Cost of sales	(11.1)	(8.4)
Gross profit	**12.3**	**9.2**
Gross profit %	**53%**	**52%**
Administrative expenses (like-for-like, before IFRS 16)	(8.5)	(8.0)
Administrative expenses (GI, before IFRS 16)	(1.6)	-
Adjusted* EBITDA (before IFRS 16)	**2.2**	**1.2**
Impact of IFRS 16 'Leases'	1.0	-
Adjusted* EBITDA (after IFRS 16)	**3.2**	**1.2**
Operating loss	**(1.5)**	**(1.6)**
Loss before tax	**(1.7)**	**(1.8)**
Loss after tax	**(1.5)**	**(1.4)**
Discontinued operations		
Loss after tax	**-**	**(0.3)**
All operations		
Loss after tax	**(1.5)**	**(1.7)**

**Adjusted for strategic, integration, other irregular items and the share-based payment charge*

Revenue

Revenue includes the provision of software and services for the management of location-based data, as well as a number of recurring revenue contracts from large customers with well-established relationships.

Revenue on a like-for-like ("LFL") basis	31 January 2020 £m	31 January 2019 £m	Variance £m	Variance %
Existing Solutions	13.1	12.3	0.8	7%
Existing GIS	4.5	5.3	(0.8)	(15%)
Acquisition (9 months)	5.8			
Total revenue	**23.4**	**17.6**		

Core existing Solutions revenue grew 7% to £13.1m. The prior year included £0.6m of revenue that did not recur in the year ended 31 January 2020 as 1Spatial Inc. no longer qualified as a Women-Owned Business. On a like-for-like basis, core existing Solutions revenue is therefore up £1.4m, or 12%. This was a strong performance given our transition in the UK and USA to subscription licensing rather than perpetual licensing, which pushes revenue into future years. In addition, the prior year had benefitted from £2.7m revenue from one infrastructure client, which is down to £0.9m this year, leaving the Group more diversified.

Revenue from our existing GIS offering decreased in line with management expectations to £4.5m, as we convert this revenue to Solutions revenue in future years by migrating these customers to the Esri platform and technology.

The addition of Geomap-Imagis for 9 months added £5.8m to revenues.

The revenue split by type, and movement in the year from Geomap-Imagis ("GI"), the Solutions and GIS offerings is as follows:

	2020 Total £m	 %	2019 Total £m	 %	Movement in the year GI £m	 Solutions £m	 GIS £m	 Total £m	 variance %
Recurring revenue comprising:	**9.6**	**41%**	**7.4**	**42%**	**1.9**	**0.6**	**(0.3)**	**2.2**	**30%**
- subscription licences	***1.0***	*4%*	***0.4***	*2%*	*-*	*0.5*	*0.1*	***0.6***	**150%**
- support & maintenance: own	***7.0***	*30%*	***5.7***	*33%*	*1.9*	*(0.1)*	*(0.5)*	***1.3***	**23%**
- support & maintenance: 3rd-party	***1.6***	*7%*	***1.3***	*7%*	*-*	*0.2*	*0.1*	***0.3***	**23%**
Services	**10.0**	**43%**	**7.8**	**44%**	**3.1**	**(0.3)**	**(0.6)**	**2.2**	**28%**
Perpetual licences: 3rd-party	**2.4**	**10%**	**1.2**	**7%**	**0.2**	**1.0**	**-**	**1.2**	**100%**
Perpetual licences: own	**1.4**	**6%**	**1.2**	**7%**	**0.6**	**(0.5)**	**0.1**	**0.2**	**17%**
Total	**23.4**		**17.6**		**5.8**	**0.8**	**(0.8)**	**5.8**	**33%**

Recurring revenue, consisting of subscription licences and support and maintenance revenue, increased 30% in the year to £9.6m (FY19: £7.4m) with the inclusion of £1.9m GI revenues, a £0.3m managed decline in GIS support and maintenance revenues, and an increase in Solutions recurring revenues of £0.6m (13%). £0.5m of the £0.6m increase in Solutions recurring revenues relates to subscription licences alone (a 125% increase), representing the significant contribution from the USA which more than doubled its subscriptions revenue from £0.4m to £0.9m. Third-party support and maintenance revenues increased £0.3m or 23%, with £0.1m increases each in the UK and Australia (in the Solutions offering) and a further £0.1m in the GIS offering. GI has a slightly lower proportion of recurring revenue to the existing Group business, meaning that while recurring revenues have grown overall, they currently represent 41% (FY19: 42%) of Group revenue.

Service revenues increased 28% to £10m (FY19: £7.8m) with the inclusion of £3.1m of GI revenues and a £0.6m decline in GIS services revenues, while Solutions services revenues are down 5% to £5.5m, partly due to the decrease in the single infrastructure client revenue (mentioned earlier in this review).

Third-party (perpetual) licence revenues in the year doubled, by £1.2m (£1m in Solutions and the remainder in GI) with some major utility customer wins in the year, providing additional presence in these customer accounts to expand into them with our own solutions.

1Spatial's own perpetual licence revenue increased to £1.4m (FY19: £1.2m) with a £0.6m increase in GI licence revenue offset by a £0.5m decrease in the rest of the Solutions offering, as we progress with changing our own licence business model from perpetual to subscription (term), to build a business based on high-quality, predictable revenue and monetise our software over the long-term. Perpetual licencing in the French and Belgian territories has historically been seen as a preferable way to procure and all of our perpetual licencing in the year arose in this territory and from the acquisition Geomap-Imagis. We anticipate that these countries will start to align to other territory licencing practices and all our future innovations will be sold on a subscription basis.

Gross profit

The gross profit percentage for the year is up slightly on the prior year, from 52% to 53%, reflecting the improved margins from the Solutions offering (predominantly in the USA) and from GI which offset the decreased margins in the GIS offering.

Administrative expenses

During the year, the Group adopted IFRS 16 'Leases' which requires lessees to bring most of their leases that were previously operating leases on balance sheet. IFRS 16 also changes adjusted* EBITDA in FY20 as the cost of leases in the scope of IFRS 16 are now presented in the depreciation and finance cost charges in the consolidated statement of comprehensive income instead of in administrative expenses. The Group adopted IFRS 16 using the modified retrospective approach from 1 February 2019 so has not restated comparatives for the prior year ended 31 January 2019 as permitted under the specific transition provisions in the standard.

Accordingly, administrative expenses in the table under the Results section above have been presented on a like-for-like basis, before the application of IFRS 16, showing the impact of this presentational change (£1m) separately. Administrative expenses have also been split between costs related to the existing business (up 6% in the year to £8.5m) and the costs related to GI (£1.6m).

Adjusted* EBITDA

Overall, adjusted* EBITDA in the year was £3.2m after the benefit of £1m of IFRS 16 'Leases' presentation adjustments. On a like-for-like basis (without this benefit), adjusted* EBITDA increased 83% to £2.2m and the main contributor to this was the earnings from the Geomap-Imagis acquisition (£2.1m). The core Solutions adjusted* EBITDA decreased in the year, reflecting the investment in the year into increased technical capabilities and people to support future expansion.

The Group's adjusted* EBITDA margin in the year was 9% (FY19: 7%) on a like-for-like basis before the benefit of the IFRS 16 presentation adjustment. As we build and sell more repeatable solutions including business applications, we anticipate that this margin will improve.

Overall result for the year

The resulting overall loss after tax from continuing operations has increased to £1.5m (FY19: £1.4m loss). There is no loss from discontinued operations as last year saw the tail end of the discontinued operations' activity, and the resulting loss from all operations has reduced from a £1.7m loss last year (including a £0.3m loss on discontinued operations) to a £1.5m loss this year.

	2020 £m	2019 £m
Adjusted* EBITDA	**3.2**	**1.2**
Depreciation	(0.1)	(0.1)
Lease depreciation	(0.9)	-
Amortisation and impairment of intangible assets	(2.2)	(1.8)
Share-based payment charge	(0.4)	(0.2)
Strategic, integration and other irregular items	(1.2)	(0.7)
Operating loss	**(1.5)**	**(1.6)**
Net finance cost	(0.2)	(0.2)
Loss before tax	**(1.7)**	**(1.8)**
Tax	0.2	0.4
Loss for the year - continuing operations	**(1.5)**	**(1.4)**
Loss for the year - discontinued operations	**-**	**(0.3)**
Result for the year	**(1.5)**	**(1.7)**

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular items and the share-based payment charge. See note 4 to the Annual Report for further information.*

Depreciation

Depreciation charges comprise both the depreciation of the IFRS 16 right of use assets (£0.9m) and the depreciation of other property, plant and equipment (£0.1m - up in the year with the inclusion of GI).

Amortisation and impairment of intangible assets

The most significant line item in the classifications below adjusted* EBITDA is the amortisation and impairment of intangible assets. £2.1m relates to amortisation (FY19: £1.8m), there was an impairment of £0.1m in the current year (none in the prior year) and no impairment reversals in either of the current or prior years. The movement in the year stems predominantly from the amortisation of new acquired intangibles following the acquisition of GI in the year.

Share-based payment charge

The share-based payment charge represents the 'non-cash' charge under IFRS 2 attributable to the issuance of share options under the employee share plan implemented in the prior financial year. The near doubling of the charge this year is mostly a function of the plan being implemented in the second half of the prior financial year.

Strategic, integration and other irregular items

Given the Group's involvement in corporate transactions, it incurs irregular costs that affect the overall underlying results of the business. Where possible the Group seeks to separate these out along with any other irregular items that the Board believe should be shown separately in this category.

Costs of £0.2m in relation to the acquisition of the Geomap-Imagis Group comprise due diligence fees and related costs. Redundancies of £0.4m were incurred to remove duplicate roles across the pooled resources of the enlarged group, ensuring that the appropriate technological and other skills in the team remaining are aligned with the Group's strategy. Costs of £0.6m were incurred in relation to the integration of the Geomap-Imagis Group and comprise advisory fees to support the integration and commence the merger of the enlarged French group.

Net finance cost

Net finance costs in the year to 31 January 2020 include charges in relation to the IFRS 16 presentation adjustment.

Tax

The tax credit for the Group is £0.2m (FY19: £0.4m). Last year's credit includes two years' worth of R&D tax credits in relation to the FY18 and FY19 years, whereas the current year includes just the FY20 R&D tax credit.

Loss for the year from discontinued operations

There are no discontinued operations in the current year.

Statement of financial position

We have a solid balance sheet at 31 January 2020 with £5.1m of cash and cash equivalents. Since 1 February 2020, the Group has gained access to additional financing

totalling £1.8m and a further £0.3m of financing is due to be received in June 2020.

Non-current assets

Intangible assets including goodwill
Goodwill and intangible assets increased by £5.4m in the year to £15.6m. £4.9m of the increase arises on the acquisition of Geomap-Imagis (goodwill of £1.3m, acquired intangibles of £4.2m and amortisation of £0.6m). Additions to capitalised development costs of £2.2m net against amortisation charges of £1.2m and impairment charges of £0.1m.

Property, plant and equipment
Property, plant and equipment is up £0.1m on the prior year. Geomap-Imagis' net carrying amount on acquisition is £0.1m, along with £0.1m of additions offset by £0.1m of depreciation charges.

Right-of-use assets
On adoption of IFRS 16 'Leases', the group recognised £1.7m of lease assets in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases, bringing leases in scope of IFRS 16 on balance sheet. GI contributed £0.7m on acquisition, with further lease additions in the year of £1.8m, against which there were depreciation charges of £0.9m resulting in a closing balance at year-end of £3.3m.

Of the £1.7m initially recognised, £1.5m comprised of leased buildings, of which £0.8m pertained to France and Belgium, £0.5m to the USA and £0.2m to the UK. Of the £1.8m additions in the year, £1.6m comprised of leased buildings, of which £1.5m pertained to the UK. The closing balance of £3.3m was made up of £3.0m leased buildings, £0.2m leased cars and £0.1m of other leases. Of this £3.3m, £1.6m related to France and Belgium, £1.4m to the UK and £0.3m to the USA.

Current assets

Trade and other receivables
Trade and other receivables balances are £9.9m at the year-end, an increase of £4.9m on the prior year. £3.9m of this increase is attributable to Geomap-Imagis balances (mainly £2m of accounts receivable, £1.4m of accrued income and £0.2m of prepayments). Of the remaining £1m increase, £0.7m relates to two large customer invoices in the UK billed close to the year-end, all of which have been collected to date, and £0.4m of accrued income in the USA of which £0.3m has been billed since the year-end and is expected to be collected by H1 FY21.

Cash and cash equivalents
Cash and cash equivalents decreased from £6.4m in the prior year to £5.1m. The movement is discussed in the cash flow section below.

Current liabilities

Bank loans of £0.7m were acquired with Geomap-Imagis with repayments up to the year-end totalling £0.1m, and a further loan of £0.6m was obtained by 1Spatial France in the year such that bank borrowings at year-end total £1.2m.

On adoption of IFRS 16 'Leases', the group recognised £1.7m of lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases, bringing leases in scope of IFRS 16 on balance sheet. GI contributed £0.7m on acquisition, with further lease additions in the year of £1.7m and interest costs of £0.1m, against which lease payments of £0.9m were made resulting in a closing balance at year-end of £3.3m (£1m of which is a due within one year, with the remainder of £2.3m stated within non-current liabilities).

Of the £1.7m initially recognised, £1.5m comprised of leased buildings, of which £0.8m pertained to France and Belgium, £0.5m to the USA and £0.2m to the UK. Of the £1.7m additions in the year, £1.5m comprised of leased buildings, of which £1.5m pertained to the UK. The closing balance of £3.3m was made up of £3.0m leased buildings, £0.2m leased cars and £0.1m of other leases. Of this £3.3m, £1.6m related to France and Belgium, £1.4m to the UK and £0.3m to the USA.

Trade and other payables balances are £11.4m at the year-end, an increase of £3.5m on the prior year. £3.5m of this increase is attributable to Geomap-Imagis balances (mainly £0.7m of accounts payable, £1.3m of deferred income, £0.2m of accrued expenses and £1.3m of other tax and social security).

Non-current liabilities

Non-current liabilities have increased by £5m to £5.9m, comprising £1.1m of bank borrowings, £2.3m of long-term lease liabilities on adoption of IFRS 16 'Leases' in the year, £0.4m of deferred consideration relating to the acquisition of Geomap-Imagis, and an increase of £0.7m in the defined benefit pension obligation. The pension obligation relates to 1Spatial France and Geomap-Imagis and increased £0.8m with the acquisition.

Share capital and reserves

Share capital, share premium and the merger reserve increased by £3.4m in the year following the placing in May 2019 to raise funds for part of the purchase of Geomap-Imagis. The equity-settled employee benefits reserve increased with the share-based payment charge in the year of £0.4m to £3.3m.

Cash flow

The Group's cash and cash equivalents balance at the year-end is £5.1m (2019: £6.4m). On a net basis, after bank loans it is £3.9m (2019: £6.4m). A cash flow bridge is presented below which reconciles the adjusted* EBITDA to the year-end cash and cash equivalents balance. This is a different format to the presentation shown in the Accounts.

The matching of adjusted* EBITDA with cash generation became less comparable following the adoption of IFRS 16 'Leases'. Reducing the Group's adjusted* EBITDA of £3.2m with IFRS 16 lease payments results in a £2.2m profit which can be broadly compared to a cash inflow figure of £0.8m after adjusting for working capital movements. This indicates a cash conversion of 36% (2019: 42%) of adjusted* EBITDA after lease payments. Management were expecting this cash conversion rate to be higher but at the year-end date the business had some large deals that were only invoiced in the last month of the year, and also had a lag in trade receivables collection in the acquisition business GI. The majority of these receivables have since been collected after the year-end.

Seasonality exists in the business such that there is traditionally more cash generation in the second half of the year compared to the first half of the year. This is evidenced through the Free Cash Flow (FCF) figure shown below** which was a £2.5m outflow in the first half of the year, and a £1m inflow in the second half of the year. Our business model is starting to change with more clients requesting regular invoicing which should start to even out some of the cash flows between the first and second halves of the year.

	2020
	£m
Adjusted* EBITDA	3.2
Lease payments (interest) - IFRS 16	(0.2)
Lease payments (principal) - IFRS 16	(0.8)
Adjusted* EBITDA after deduction of IFRS 16 lease payments (noted above)	**2.2**
Working capital movements	(1.4)
Cash inflow before capex, strategic, integration and other irregular items, interest and tax	**0.8**
Expenditure on product development and intellectual property capitalised	(2.2)
Expenditure on property, plant and equipment	(0.1)
FCF before strategic, integration and other irregular items, interest and tax**	**(1.5)**
Payments for strategic, integration and other irregular items	(1.3)
Cash outflow after strategic, integration and other irregular items, before interest and tax	**(2.8)**
Interest and tax net cashflows	0.2
Cash outflow after strategic, integration and other irregular items, interest and tax	**(2.6)**
Net proceeds of share issue	2.8
Purchase of Geomap-Imagis	(4.4)
Cash on acquisition of Geomap-Imagis	2.3
New bank loans	0.7
Repayment of bank loans	(0.1)
Net cash outflow	**(1.3)**
Opening cash and cash equivalents	6.4
Closing cash and cash equivalents	**5.1**

** split between:

H1: 1 February 2019 and 31 July 2019	(2.5)
H2: 1 August 2019 and 31 January 2020	1.0
	(1.5)

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular items and the share-based payment charge. See note 4 to the Annual Report for further information*

Nicole Payne
Chief Financial Officer

Consolidated statement of comprehensive income
For the year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Continuing operations			
Revenue	3	23,385	17,624
Cost of sales		(11,123)	(8,449)
Gross profit		**12,262**	**9,175**
Administrative expenses		(13,800)	(10,803)
		(1,538)	(1,628)
Adjusted* EBITDA	15	3,226	1,188
Less: depreciation		(152)	(141)
Less: depreciation on right of use asset	11	(878)	-
Less: amortisation and impairment of intangible assets	6	(2,169)	(1,785)
Less: share-based payment charge		(398)	(218)
Less: strategic, integration and other irregular items	4	(1,167)	(672)
Operating loss		**(1,538)**	**(1,628)**
Finance income		40	8
Finance costs		(235)	(199)
Net finance cost		(195)	(191)
Loss before tax		**(1,733)**	**(1,819)**
Income tax credit	5	248	389
Loss for the year from continuing operations	3	**(1,485)**	**(1,430)**
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the company)		-	(270)
Loss for the year attributable to:			
Equity shareholders of the Parent		**(1,485)**	**(1,700)**
		(1,485)	**(1,700)**
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to profit or loss:			
Actuarial gains arising on defined benefit pension, net of tax		40	-
Exchange differences arising on translation of net assets of foreign operations		(120)	80
Other comprehensive income for the year, net of tax		(80)	80
Total comprehensive loss for the year		**(1,565)**	**(1,620)**
Total comprehensive loss attributable to the equity shareholders of the Parent		**(1,565)**	**(1,620)**
Total comprehensive loss attributable to the equity shareholders of the Parent arises from:			
· Continuing operations		(1,565)	(1,350)
· Discontinued operations		-	(270)
		(1,565)	**(1,620)**

	Note	2020 £'000	2019 £'000
Loss per ordinary share from continuing and discontinued operations attributable to the owners of the Parent during the year (expressed in pence per ordinary share**):**			
Basic loss per share		**(1.37)**	**(1.97)**
From continuing operations	15	(1.37)	(1.65)
From discontinued operations	15	-	(0.31)
Diluted loss per share		**(1,37)**	**(1.97)**
From continuing operations	15	(1.37)	(1.65)
From discontinued operations	15	-	(0.31)

* Adjusted for strategic, integration, other irregular items (note 4) and the share-based payment charge

Consolidated statement of financial position
As at 31 January 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets including goodwill	6	15,560	10,194
Property, plant and equipment		374	285
Right of use assets	11	3,272	-

Total non-current assets		**19,206**	**10,479**
Current assets			
Trade and other receivables	7	9,930	4,998
Current income tax receivable		233	125
Cash and cash equivalents	8	5,108	6,358
Total current assets		**15,271**	**11,481**
Total assets		**34,477**	**21,960**
Liabilities			
Current liabilities			
Bank borrowings	9	(135)	-
Trade and other payables	10	(11,439)	(7,901)
Lease liabilities	11	(957)	-
Deferred consideration	12	(599)	-
Total current liabilities		**(13,130)**	**(7,901)**
Non-current liabilities			
Bank borrowings	9	(1,086)	-
Lease liabilities	11	(2,340)	-
Deferred consideration	12	(370)	-
Defined benefit pension obligation		(1,417)	(677)
Deferred tax	13	(679)	(192)
Total non-current liabilities		**(5,892)**	**(869)**
Total liabilities		**(19,022)**	**(8,770)**
Net assets		**15,455**	**13,190**
Share capital and reserves			
Share capital	14	20,150	18,971
Share premium account	14	30,479	28,661
Own shares held	14	(303)	(303)
Equity-settled employee benefits reserve		3,332	2,934
Merger reserve		16,465	16,030
Reverse acquisition reserve		(11,584)	(11,584)
Currency translation reserve		184	304
Accumulated losses		(42,791)	(41,346)
Purchase of non-controlling interest reserve		(477)	(477)
Total equity attributable to shareholders of the Parent		**15,455**	**13,190**
Total equity		**15,455**	**13,190**

Consolidated statement of changes in equity

For the year ended 31 January 2020 £'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 attributable to shareholders of the Parent**	**Total equity**
Balance at 1 February 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,646)**	**6,596**	**6,596**
Comprehensive income/(loss)											
Loss for the year	-	-	-	-	-	-	-	-	(1,700)	(1,700)	(1,700)
Other comprehensive income/(loss)											
	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	80	-	-	80	80
Total other comprehensive income/(loss)	-	-	-	-	-	-	80	-	-	80	80
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**80**	**-**	**(1,700)**	**(1,620)**	**(1,620)**
Transactions with owners											
Issue of share capital, net of share issue costs	2,266	5,730	-	-	-	-	-	-	-	7,996	7,996
Recognition of share-based payments	-	-	-	218	-	-	-	-	-	218	218
	2,266	**5,730**	**-**	**218**	**-**	**-**	**-**	**-**	**-**	**8,214**	**8,214**
Balance at 31 January 2019	**18,971**	**28,661**	**(303)**	**2,934**	**16,030**	**(11,584)**	**304**	**(477)**	**(41,346)**	**13,190**	**13,190**
Comprehensive loss											
Loss for the year	-	-	-	-	-	-	-	-	(1,485)	(1,485)	(1,485)
Other comprehensive loss											
Actuarial gains arising on defined benefit pension	-	-	-	-	-	-	-	-	40	40	40
Exchange differences on translating foreign operations	-	-	-	-	-	-	(120)	-	-	(120)	(120)
Total other comprehensive (loss)/income	-	-	-	-	-	-	(120)	-	40	(80)	(80)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(120)**	**-**	**(1,445)**	**(1,565)**	**(1,565)**
Transactions with owners											
Issue of share capital, net of share issue costs (note 14)	1,179	1,818	-	-	435	-	-	-	-	3,432	3,432
Recognition of share-based payments	-	-	-	398	-	-	-	-	-	398	398
	1,179	**1,818**	**-**	**398**	**435**	**-**	**-**	**-**	**-**	**3,830**	**3,830**
Balance at 31 January 2020	**20,150**	**30,479**	**(303)**	**3,332**	**16,465**	**(11,584)**	**184**	**(477)**	**(42,791)**	**15,455**	**15,455**

Consolidated statement of cash flows
For the year ended 31 January 2020

	Note	**2020 £'000**	**2019 £'000**
Cash flows from operating activities			
Cash generated from/(used in) operations	(a)	572	(749)
Interest received		40	24
Interest paid		(184)	(199)
Tax received		313	410
Net cash generated from/(used in) operating activities		**741**	**(514)**
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	12	(2,151)	-

Purchase of property, plant and equipment		(132)	(94)
Expenditure on product development and intellectual property capitalised		(2,188)	(1,300)
Net cash used in investing activities		**(4,471)**	**(1,394)**
Cash flows from financing activities			
New borrowings		672	-
Repayment of borrowings		(133)	-
Repayment of lease obligations	11	(792)	-
Net proceeds of share issue	14	2,805	7,996
Net cash generated from financing activities		**2,552**	**7,996**
Net (decrease)/increase in cash and cash equivalents		(1,178)	6,088
Cash and cash equivalents at start of year		6,358	268
Effects of foreign exchange on cash and cash equivalents		(72)	2
Cash and cash equivalents at end of year	**(b)**	**5,108**	**6,358**

Cash flows of discontinued operations included above

	2020 £'000	2019 £'000
Net cash used in operating activities	-	(141)
Total	-	**(141)**

Notes to the consolidated statement of cash flows

(a) Cash generated from/(used in) operations

	Note	2020 £'000	2019 £'000
Loss before tax including discontinued operations		(1,733)	(2,085)
Adjustments for:			
Finance income		(40)	-
Finance cost		184	175
Depreciation		1,030	141
Amortisation and impairment of intangible assets		2,169	1,785
Share-based payment charge		398	218
Net foreign exchange movement		167	(39)
Increase in trade and other receivables		(2,377)	(184)
Increase/(decrease) in trade and other payables		702	(656)
Decrease in provisions		-	(148)
Increase in defined benefit pension obligation		72	44
Cash generated from/(used in) operations		**572**	**(749)**

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

	2020 £'000	2019 £'000
(Decrease)/increase in cash in the year	(1,178)	6,088
Changes resulting from cash flows	**(1,178)**	**6,088**
Net cash inflow in respect of new borrowings	(672)	-
Change in net funds due to borrowings acquired	(731)	-
Net cash outflow in respect of borrowings repaid	133	-
Effect of foreign exchange	(23)	2
Change in net funds	**(2,471)**	**6,090**
Net funds at beginning of year	6,358	268
Net funds at end of year	**3,887**	**6,358**
Analysis of net funds		
Cash and cash equivalents classified as:		
Current assets	5,108	6,358
Bank loans	(1,221)	-
Net funds at end of year	**3,887**	**6,358**

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 as at 1 February 2018 and 2019	**-**	**-**	**-**
Borrowings at 1 February 2019	**-**	**-**	**-**
Acquired borrowings	147	584	731
New borrowings in the year	-	672	672
Repayment of borrowings	(133)	-	(133)
Foreign exchange difference	(14)	(35)	(49)
Borrowings before transfer	**-**	**1,221**	**1,221**
Transfer from due after 1 year and due within 1 year	135	(135)	-
Borrowings as at 31 January 2020	**135**	**1,086**	**1,221**
Lease liability adopted at 1 February 2019	627	1,034	1,661
Cash movements:			
Lease payments	(908)	-	(908)
Non-cash movements:			
Arising through business combinations	10	694	704
Additions in the year	157	1,569	1,726
Interest cost	116	-	116
Foreign exchange difference	(2)	-	(2)
Lease liability before transfer	**-**	**3,297**	**3,297**
Transfer from due after one year to due within one year	957	(957)	-
Lease liability as at 31 January 2020	**957**	**2,340**	**3,297**
Total debt as at 31 January 2020	**1,092**	**3,426**	**4,518**

1. Basis of preparation

The preliminary information of 1Spatial plc is prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS, and comply with Article 4 of the EU IAS Regulation.

The preliminary information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies adopted in the preparation of the preliminary information are consistent with those followed in the preparation of the financial statements for the year ended 31 January 2019, except for leases relating to the year ended 31 January 2020, which are recognised under IFRS 16 'Leases' (refer note 11). Prior to the year ended 31 January 2020, IAS 17 'Leases' applied to leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. As noted above, the group has changed its accounting policy for leases where the group is the lessee. The impact of the change is shown in note 11.

The Group has adopted IFRS 16 "Leases" in these financial statements using the modified retrospective approach from 1 February 2019 but has not restated comparatives for the prior year ended 31 January 2019 as permitted under the specific transition provisions in the standard. The Group has reviewed the requirements of IFRS 16 and presented the financial information in these financial statements. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining unavoidable lease payments, discounted using the lessee's incremental borrowing rate as of 1 February 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.15%.

Following the adoption of IFRS 16 the group has used the practical expedient permitted by the standards of applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

Extension and termination options are in both the UK and French office building leases. 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.

The results shown for the year ended 31 January 2020 and 31 January 2019 are audited. The consolidated financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts of the Company in respect of the financial year ended 31 January 2020 were approved by the Board of directors on 10 June 2020 and will be delivered to the Registrar of Companies in due course. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph nor any statement under Section 498 of the Companies Act 2006.

2. Going concern

Due to the uncertainty created by COVID-19, the decision was taken to create a working capital model ("COVID-19 budget") focused on the potential impacts of COVID-19 and the actions that the Board can take to mitigate those impacts. This uses as its basis management accounts for the first quarter of trading in FY21, and the budget for the rest of the FY21 year, rolled out to 30 June 2021 so that a full 12-month period from the date of signing the FY20 Annual Report and Accounts is considered.

The Group started the current financial year on 1 February 2020 with cash of £5.1m and debt of £1.2m, giving net cash of £3.9m. Since 1 February 2020, the Group has gained access to additional financing totalling £1.8m and a further £0.3m of financing is due to be received in June 2020.

Whilst trading for the first quarter of the financial year has been in line with management's expectations, with all existing customer implementations and contracts progressing to plan and newly secured contracts progressing as anticipated, the Board's COVID-19 budget assumes a decline in revenue on the prior year (on a like-for-like basis, as if the Geomap-Imagis group had been owned for the full financial year). This assumption is based on the presumption that whilst the sales pipeline is healthy, decision-making is likely to be protracted in the current environment and the timing of new sales is hard to predict.

The COVID-19 budget also assumes little growth in the overall cost base compared to the prior year and the Board will continually monitor revenues to ensure costs align to any reduction in revenue over the period. Pay-rises and discretionary spend have currently been deferred and the group has a tight handle on all discretionary spend. Based on this COVID-19 budget, the Board expects there to be a small overall operating cash inflow during the year to 31 January 2021.

The Board has performed sensitivity analysis on the COVID-19 budget model and concluded that the Group's revenues would need to fall by more than 35% for the year ending 31 January 2021 for the Group to run out of resources given the loan facilities in place. If revenues were to fall at anything like that rate, significant cost reduction measures would be implemented by the Board well in advance of June 2021. The revenues to date, recurring revenue and backlog revenue give the Board confidence that such an extreme downside scenario is not a realistic outcome.

Following the 31 January 2020 year-end, the Group has taken advantage of some of the government relief and bank assistance available e.g. with regards to the deferral of VAT and loan repayments.

The Board has concluded, after reviewing the work performed and 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.

3. Segmental information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The United Kingdom is the home country of the Group. For management purposes during the year, the Group was organised into the following operating divisions - Central costs and Geospatial (1Spatial Group including the UK, Ireland and Australia, 1Spatial Europe include 1Spatial France, 1Spatial Belgium and the Geomap-Imagis Group, and 1Spatial Inc.). These divisions are the basis on which the Group reports its segmental information. The Geospatial business represents the core 1Spatial business which has offices in the UK (Cambridge), Ireland, France, Belgium, Tunisia, Australia and the USA. The Central costs mainly represent costs associated with 1Spatial plc including costs of the Board of Directors and other costs which are not specific to any of the other segments. It also includes costs associated with being an AIM listed company and other statutory costs including audit fees, as well as the costs incurred in relation to the disposal of Enables IT in the prior year.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of strategic, integration and other irregular items from the operating segments.

The segment information provided to the Board for the reportable segments is as follows:

31 January 2020	**Central costs £'000**	**Geospatial £'000**	**Total £'000**
Revenue	-	23,385	23,385
Cost of sales	-	(11,123)	(11,123)
Gross profit	**-**	**12,262**	**12,262**
Total administrative expenses	(1,826)	(11,974)	(13,800)
Adjusted EBITDA	(1,314)	4,540	3,226
Less: depreciation	-	(152)	(152)
Less: depreciation on right of use asset	-	(878)	(878)
Less: amortisation and impairment of intangible assets	-	(2,169)	(2,169)
Less: share-based payment charge	(130)	(268)	(398)
Less: strategic, integration and other irregular items	(382)	(785)	(1,167)
Total operating (loss)/profit	**(1,826)**	**288**	**(1,538)**
Finance income	-	40	40
Finance cost	(18)	(217)	(235)
Net finance cost	**(18)**	**(177)**	**(195)**

(Loss)/profit before tax	**(1,844)**	**111**	**(1,733)**
Tax	26	222	248
(Loss)/profit for the year	**(1,818)**	**333**	**(1,485)**
(Loss)/profit for the year attributable to:			
Equity holders of the Parent	(1,818)	333	(1,485)
	(1,818)	**333**	**(1,485)**

	Central costs £'000	Geospatial £'000	Total £'000
31 January 2020			
Segment assets	427	34,050	34,477
Segment liabilities	(1,336)	(17,686)	(19,022)
Segment net (liabilities)/assets	**(909)**	**16,364**	**15,455**

The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board in the year ended 31 January 2020 with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset. Liabilities are allocated based on the operations of the segment.

31 January 2019	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Revenue	-	17,624	-	17,624
Cost of sales	-	(8,449)	-	(8,449)
Gross profit	**-**	**9,175**	**-**	**9,175**
Total administrative expenses	(1,971)	(8,829)	(3)	(10,803)
Adjusted EBITDA	(1,460)	2,651	(3)	1,188
Less: depreciation	-	(141)	-	(141)
Less: amortisation and impairment of intangible assets	-	(1,785)	-	(1,785)
Less: share-based payment charge	(53)	(165)	-	(218)
Less: strategic, integration and other irregular items	(458)	(214)	-	(672)
Total operating (loss)/profit	**(1,971)**	**346**	**(3)**	**(1,628)**
Finance income	4	4	-	8
Finance cost	(122)	(77)	-	(199)
Net finance cost	**(118)**	**(73)**	**-**	**(191)**
(Loss)/profit before tax	**(2,089)**	**273**	**(3)**	**(1,819)**
Tax	-	387	2	389
(Loss)/profit for the year	**(2,089)**	**660**	**(1)**	**(1,430)**
Loss for the year from discontinued operations	(163)	-	(107)	(270)
(Loss)/profit for the year attributable to:				
Equity holders of the Parent	(2,252)	660	(108)	(1,700)
	(2,252)	**660**	**(108)**	**(1,700)**

(Loss)/profit for the year from:				
- Continuing operations	(2,089)	660	(1)	(1,430)
- Discontinued operations	(163)	-	(107)	(270)
	(2,252)	**660**	**(108)**	**(1,700)**

31 January 2019	Central costs £'000	Geospatial £'000	Cloud £'000	Total £'000
Segment assets	3,712	18,146	102	21,960
Segment liabilities	(797)	(7,938)	(35)	(8,770)
Segment net assets	**2,915**	**10,208**	**67**	**13,190**

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

	2020 £'000	2019 £'000
United Kingdom (being the Company's country of domicile)	7,333	5,627
Europe	8,833	2,186
United States	3,007	2,664
Rest of World	33	2
	19,206	**10,479**

1Spatial Group has no major customer (2019: one) where revenues exceed 10% of the Group's revenue. In the prior year this related to a UK major Infrastructure company.

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.

	2020 £'000	2019 £'000
United Kingdom	7,381	7,194
Europe	11,080	6,298
United States	2,250	1,964
Rest of World	2,674	2,168
	23,385	**17,624**

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.

	2020 £'000	2019 £'000
United Kingdom	**7,793**	**7,642**
At a point in time	1,650	1,139
Over time	6,143	6,503
Europe	**11,259**	**6,325**
At a point in time	2,160	1,085
Over time	9,099	5,240

United States	**2,250**	**1,964**
At a point in time	864	548
Over time	1,386	1,416
Rest of World	**2,083**	**1,693**
At a point in time	915	671
Over time	1,168	1,022
	23,385	**17,624**

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

	2020 £'000	**2019 £'000**
Licences	4,828	2,765
Services*	9,973	7,813
Support and maintenance	8,584	7,038
Products	-	8
	23,385	**17,624**

his includes both Professional services revenue and Software development services.

4. Strategic, integration and other irregular items

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

	2020 £'000	**2019 £'000**
Costs associated with acquisition of the Geomap-Imagis Group	206	-
Costs associated with redundancies in relation to the Geomap-Imagis Group	439	-
Costs associated with integration of the Geomap-Imagis Group	553	-
Costs associated with corporate transactions and other strategic costs	-	332
Restructuring and redundancy costs	-	213
Fees relating to the Employee Share Plan implemented in the year	-	82
Net credits associated with the disposal of Enables IT Inc. and Enables IT Group Ltd	(31)	-
Other	-	45
Total	**1,167**	**672**

Costs of £0.2m in relation to the acquisition of the Geomap-Imagis Group comprise due diligence fees and related costs. Redundancies of £0.4m were incurred as a result of the acquisition of the Geomap-Imagis Group to remove duplicate roles across the pooled resources of the enlarged group, ensuring that the appropriate technological and other skills in the team remaining are aligned with the Group's strategy. Costs of £0.6m were incurred in relation to the integration of the Geomap-Imagis Group and comprise advisory fees to support the integration and commence the merger of the enlarged French group.

The Group also incurred the final costs for the disposal of Enables IT Group Ltd, net of write-backs in relation balances due from Enables IT Inc. initially written off to strategic, integration and other irregular items but since received from the counterparty.

5. Income tax credit

	2020 £'000	**2019 £'000**
Current tax		
UK corporation tax on income for year	(212)	(156)
Foreign tax	(6)	33
Adjustments in respect of prior years	48	(194)
Total current tax	**(170)**	**(317)**
Deferred tax (note 13)		
Origination and reversal in temporary differences	(78)	(195)
Adjustments in respect of prior years	-	123
Total deferred tax	**(78)**	**(72)**
Total tax credit	**(248)**	**(389)**

Factors affecting the tax credit for the year:
The tax credit for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £'000	**2019 £'000**
Loss on ordinary activities before tax	(1,733)	(1,819)
	(1,733)	**(1,819)**
Loss on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%)	(330)	(346)
Effect of:		
Expenses not deductible for tax purposes	157	114
Adjustment in respect of R&D tax credits	(153)	-
Effect of movement in deferred tax rate	(80)	-
Utilisation of losses not previously recognised for tax purposes	(19)	-
Deferred tax not recognised on losses carried forward	20	-
Adjustments to deferred tax in respect of prior periods	12	47
Adjustments in respect of prior years	48	(71)
Recognition of deferred tax asset not previously recognised	(26)	(125)
Differences in tax rates applicable to overseas subsidiaries	123	(8)
Total credit for year	**(248)**	**(389)**

The adjustment in respect of prior years arose due to the Group over-estimating the R&D tax credit in relation to the period ending 31 January 2019.

A change to the UK corporation tax rate was substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). The change included the reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. As such, the relevant deferred tax balances have been measured at 17% for the current year-end, being the tax rate enacted by the reporting date (2019: 17%). A Budget resolution was passed on 17 March 2020 under the Provisional Collection of Taxes Act 1968 which substantially enacted the main rate of UK corporation tax as 19% with effect from 1 April 2020. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax credit for the period by £18,000 and to reduce the deferred tax asset by £42,000.

6. Intangible assets including goodwill

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 February 2019	16,161	232	2,843	4,421	15,012	30	66	38,765
Arising on acquisition	1,338	226	1,847	2,164	-	-	-	5,575
Additions	-	-	-	-	2,188	-	-	2,188
Effect of foreign exchange	(208)	(6)	(111)	(98)	(268)	-	-	(691)
At 31 January 2020	**17,291**	**452**	**4,579**	**6,487**	**16,932**	**30**	**66**	**45,837**
Accumulated impairment and amortisation								
At 1 February 2019	11,533	165	2,754	3,850	10,232	30	7	28,571
Amortisation	-	40	433	385	1,197	-	3	2,058
Impairment	-	-	-	-	111	-	-	111
Effect of foreign exchange	(170)	(1)	(74)	(50)	(166)	-	(2)	(463)
At 31 January 2020	**11,363**	**204**	**3,113**	**4,185**	**11,374**	**30**	**8**	**30,277**
Net book amount at 31 January 2020	**5,928**	**248**	**1,466**	**2,302**	**5,558**	**-**	**58**	**15,560**

The net book amount of development costs includes £5,558,000 (2019: £4,780,000) internally generated capitalised software development costs that meet the definition of an intangible asset. The amortisation charge of £2,058,000 (2019: £1,785,000) is included in the administrative expenses in the statement of comprehensive income.

Included in the Development costs of 1Spatial France and 1Spatial Belgium are costs relating to a GIS "kernel" (core platform) element and costs relating to a "business applications" element, totalling £1.7 million. We expect that over an extended period of many years, our French and Belgian businesses, and their customers will gradually migrate from our current GIS platform to the Esri platform. Over that period, costs involved in maintaining and promoting our GIS platform are expected to decline at a more rapid rate than the decline in revenues (predominantly maintenance revenues). Impairment tests have been performed to assess the carrying values of the GIS kernel and business applications development cost.

The key assumptions used in the value in use calculations were the pre-tax discount rate applied (16.8%) and growth assumptions. 1Spatial France and 1Spatial Belgium have forecast sales and corresponding costs in relation to the GIS kernel and business applications for the year ending 31 January 2021 to decrease by 4% and 22% respectively. One of the main assumptions used in calculating this CGU's value in use is the annual decrease in the revenue and related staff costs of the GIS kernel, which have both been forecast to decrease by 3% per year. An impairment to the 1Spatial France and 1Spatial Belgium GIS kernel of £33,000 would arise if the annual decrease applied in the revenue assumptions was 7% and if the annual decrease applied in the related staff cost assumptions was 5%.

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 February 2018	16,008	232	2,847	4,420	13,737	30	51	37,325
Additions	-	-	-	-	1,285	-	15	1,300
Effect of foreign exchange	153	-	(4)	1	(10)	-	-	140
At 31 January 2019	**16,161**	**232**	**2,843**	**4,421**	**15,012**	**30**	**66**	**38,765**
Accumulated impairment and amortisation								
At 1 February 2018	11,511	142	2,582	3,625	8,893	30	2	**26,785**
Amortisation	-	23	176	228	1,353	-	5	**1,785**
Effect of foreign exchange	22	-	(4)	(3)	(14)	-	-	**1**
At 31 January 2019	**11,533**	**165**	**2,754**	**3,850**	**10,232**	**30**	**7**	**28,571**
Net book amount at 31 January 2019	**4,628**	**67**	**89**	**571**	**4,780**	**-**	**59**	**10,194**

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs). The basis of the allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. The 1Spatial CGU incorporates our UK, Irish, US and Australian operations, and the 1Spatial Europe CGU incorporates our French (1Spatial France and the Geomap-Imagis Group from FY20) and Belgian operations. Although both of these CGUs are in the Geospatial segment, they use different technologies and generate largely independent cash flows. A summary of the goodwill allocation is presented below.

	2020			2019		
	1Spatial £'000	1Spatial Europe £'000	Total £'000	1Spatial £'000	1Spatial France / Belgium £'000	Total £'000
Goodwill						
Opening carrying value	4,624	4	**4,628**	4,493	4	**4,497**
Arising on acquisition	-	1,338	**1,338**	-	-	**-**
Effect of foreign exchange	(5)	(33)	**(38)**	131	-	**131**
Closing carrying value	**4,619**	**1,309**	**5,928**	**4,624**	**4**	**4,628**

Basis for calculation of recoverable amount

The Group has prepared, and formally approved, a five-year plan for each CGU. 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 (17.1% for the 1Spatial CGU and 16.8% for the 1Spatial Europe CGU) and the growth assumptions for each CGU. In the 1Spatial CGU, growth in sales and corresponding costs for the year ending 31 January 2021 has been forecast at 14% and 12% respectively. Growth is forecast at 8% for the following three years, 5% in year four and 2% thereafter. The 1Spatial Europe CGU has forecast growth in sales and corresponding costs for the year ending 31 January 2021 of 8% and 15% respectively. Growth is forecast at 6% for the following three years, 4% in year four and 2% thereafter.

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 2021 and subsequent years, the assumption has been provided in terms of growth on the prior year EBIT. The terminal growth rate of 2% does not exceed the long-term growth rate for the business in which the CGUs operate. Discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The forecasts are most sensitive to changes in revenue and overhead assumptions (taken together as the EBIT). However, there are no major changes to the key assumptions which would cause the goodwill associated with any of the CGUs to be impaired.

There would have to be a reduction in forecast EBIT margin by 22% in the year ended 31 January 2021 for the headroom to be removed on the 1Spatial CGU.

There would have to be a reduction in forecast EBIT margin by 14% in the year ended 31 January 2021 for the headroom to be removed on 1Spatial Europe.

7. Trade and other receivables

Current	2020 £'000	2019 £'000
Trade receivables	5,012	2,545
Less: provision for impairment of trade receivables	(68)	(13)
	4,944	**2,532**
Other taxes and social security	-	102
Other receivables	1,431	1,106
Prepayments and accrued income	3,555	1,258
	9,930	**4,998**

Below is a reconciliation of the movement in accrued income:

	Total £'000
At 1 February 2019	704
Arising on acquisition	1,006
Revenue accrued in the year	8,514
Accrued revenue invoiced in the year	(7,538)
Foreign exchange difference	(73)
At 31 January 2020	**2,613**

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 2020, trade receivables of £3,681,000 (2019: £1,844,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

At 31 January 2020, trade receivables of £1,262,000 (2019: £683,000) 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.

	2020 £'000	2019 £'000
Up to 3 months overdue	997	510
3 to 6 months overdue	87	80
6 to 12 months overdue	123	63
> 12 months overdue	55	30
	1,262	**683**

As of 31 January 2020, trade receivables of £68,000 were impaired (2019: £13,000) and provided for.

The ageing of these receivables is as follows:

	2020 £'000	2019 £'000
Up to 3 months overdue	1	-
3 to 6 months overdue	-	-
6 to 12 months overdue	-	-
> 12 months	67	13
	68	**13**

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

	2020 £'000	2019 £'000
At 1 February	13	38
Created on acquisition	55	-
Utilisation of provision	-	(25)
At 31 January	**68**	**13**

The creation of the provision for impaired receivables has been included in goodwill on the balance sheet.

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.

8. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	5,108	6,358
	5,108	**6,358**

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

9. Bank borrowings

	2020 £'000	2019 £'000
Current bank borrowings	135	-
Non-current bank borrowings	1,086	-
	1,221	**-**

10. Trade and other payables

Current	2020 £'000	2019 £'000
Trade payables	2,143	1,439
Other taxation and social security	2,477	1,766
Other payables	996	441

Accrued liabilities	905	621
Deferred income	4,918	3,634
	11,439	**7,901**

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:

	Total £'000
At 1 February 2019	3,634
Arising on acquisition	568
Revenue deferred in the year	16,757
Revenue recognised in the year	(15,796)
Foreign exchange difference	(245)
At 31 January 2020	**4,918**

11. Leases under IFRS 16

This note reconciles the Group's previously disclosed operating lease commitments as at 31 January 2019 to the lease liability recognised on 1 February 2019 on adoption of IFRS 16:

	1 February 2019 £'000
Operating lease commitments as at 31 January 2019	840
Office lease extensions that existed at 31 January 2019, not included in the amount above	890
Total operating lease commitments as at 31 January 2019	**1,730**
Discounted leases using the group borrowing rate as at 1 Feb 2019	**1,661**

	1 February 2019 £'000
Current lease liabilities	627
Non-current lease liabilities	1,034
	1,661

The change in accounting policy altered specific items in the balance sheet on 1 February 2019 as shown below:
• Right of use assets - increased by £1,661,000
• Lease liabilities - increased by £1,661,000

Prior to the current year, leases were classified as either operating or finance leases. From 1 February 2019, leases are recognised as a right to use asset with a corresponding liability. Assets and liabilities are initially measured at the present value at the initial date using the implied company rate.

Right of use assets	**£'000**
At 1 February 2019	1,661
Arising on acquisition	704
Additions during the year	1,760
Depreciation	(878)
Foreign exchange difference	25
At 31 January 2020	**3,272**

	31 January 2020 £'000	**1 February 2019 £'000**
Buildings	3,004	1,466
Cars	221	168
Others	47	27
	3,272	**1,661**

Lease liabilities	**£'000**
At 1 February 2019	1,661
Arising on acquisition	704
Additions during the year	1,726
Interest cost	116
Cash paid	(908)
Foreign exchange difference	(2)
At 31 January 2020	**3,297**

	31 January 2020 £'000	**1 February 2019 £'000**
Current	957	627
Non-current	2,340	1,034
	3,297	**1,661**

Amounts recognised in profit or loss:

Depreciation charge of right of use assets	**2020 £'000**	**2019 £'000**
Buildings	759	-
Cars	92	-
Others	27	-
	878	**-**

The Group has committed to two leases that do not commence until 1 June 2020 and therefore have not been included on the balance sheet. These are office building leases, one in France and one in Tunisia, that have a cash outflow of £334,000, spread evenly and paid monthly, over 3 years from 1 June 2020 until 31 May 2023.

12. Business combinations

2020

On 7 May 2019, the Company entered into two share purchase agreements (each a "SPA") to acquire the entire issued share capital of Geomap-Imagis Participations ("Geomap-Imagis") (the "Acquisition"), for a total consideration of €7.0m (the "Consideration").

The first SPA, between 1Spatial plc, its wholly owned subsidiary 1Spatial France SAS ("1Spatial France"), and certain individual shareholders (the "Majority Vendors"), relates to 80 per cent. of the voting rights of Geomap-Imagis (the "Majority SPA") and the second SPA, between 1Spatial France and Esri France, relates to the remaining 20 per cent. of the voting rights of Geomap-Imagis (the "Esri SPA"). The SPAs have been entered into concurrently and are inter-conditional.

Under the terms of the Majority SPA, the Group shall pay to the Majority Vendors total consideration of €5,600,136, of which €4,433,137 is to be satisfied in cash (the "Majority Cash Consideration") by 1Spatial France with the balance of €1,166,999 to be satisfied by the issue by 1Spatial plc of new ordinary shares in the capital of the Company (the "Consideration Shares").

Of the Majority Cash Consideration, €4,024,135 was paid by 1Spatial France to the Majority Vendors upon completion of the Acquisition ("Completion"), with the balance of €409,002 to be held in escrow until the first anniversary of Completion.

Of the consideration to be satisfied by the issue of the Consideration Shares, €726,459 was satisfied upon Completion and the balance of €440,540 will be satisfied on 30 March 2023. Accordingly, the Company has issued 1,902,686 new ordinary shares (the "Initial Consideration Shares") at an effective price of 32.68 pence per Initial Consideration Share. The Initial Consideration Shares are subject to a lock up obligation until 31 December 2021.

Under the terms of the Esri SPA, 1Spatial France shall pay cash consideration of €1.4 million; half upon Completion (the "First Instalment") and half no later than 13 months following the Completion date (the "Second Instalment"). 1Spatial has granted a guarantee to Esri France to secure the payment of the Second Instalment.

Alongside and in conjunction with the Acquisition, 1Spatial France and 1Spatial Belgium ("1Spatial Europe") have entered into a new partnership agreement with Esri Inc. ("Esri") (the "Partnership Agreement"). The combination of the Partnership Agreement and Acquisition is expected to significantly benefit the Company's existing European customers in providing them with access to Esri's market leading global GIS platform.

In addition to being immediately earnings enhancing, the Acquisition offers a combination of specialised vertical business applications and significant know-how in the Group's target sectors, which can be delivered through the combination of 1Spatial Europe and Geomap-Imagis.

	£'000
Majority Cash Consideration - on completion (€4,433,137)	3,823
Initial Consideration Shares - on completion (€726,459)	626
Deferred Consideration Shares - to be issued on 30 March 2023 (€440,540)	380
Majority SPA total consideration	**4,829**
Cash Consideration - First Instalment - on completion (€700,000)	604
Deferred cash consideration - Second Instalment 13 months following completion (€711,375)	613
Esri SPA total consideration	**1,217**
Total purchase consideration	**6,046**

Fair values of assets and liabilities at the date of acquisition:	£'000	£'000
Intangible assets comprising:		4,237
- *Software*	*2,164*	
- *Order backlog*	*496*	
- *Customer relationships*	*1,351*	
- *Brands*	*226*	
Property, plant and equipment		147
Right of use assets		704
Indemnification asset		154
Cash and cash equivalents		2,276
Trade and other receivables		2,635
Corporation tax asset		212
Borrowings		(731)
Trade and other payables		(2,909)
Lease liabilities		(704)
Defined benefit pension obligation		(751)
Deferred tax liabilities		(562)
Total identifiable net assets		**4,708**
Goodwill		1,338
Total consideration		**6,046**

Satisfied by:	
- Majority Cash Consideration - on completion (€4,433,137)	3,823
- Cash Consideration - First Instalment - on completion (€700,000)	604
- Deferred cash consideration - Second Instalment 13 months following completion (€711,375)	613
- Equity instruments - on completion (1,902,686 ordinary shares of 1Spatial plc)	626
- Equity instruments (ordinary shares of 1Spatial plc to the value of €440,540)	380
Total consideration transferred	**6,046**

Cash consideration on completion	4,427
Less: cash and cash equivalents acquired	(2,276)
Net cash outflow arising on completion	**2,151**
Deferred cash consideration	613
Net cash purchase consideration	**2,764**

Acquisition-related costs (included within Strategic, integration and other irregular items) amount to of £206,000.

The Geomap-Imagis group contributed £1,162,000 revenue and £568,000 to the Group's loss for the year between the acquisition date and the balance sheet date.

If the acquisition of the Geomap-Imagis group had been completed on the first day of the financial year, group revenues for the period would have been £24,547,000 and the group loss would have been £2,053,000.

13. 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.

	Property, plant and equipment £'000	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
At 1 February 2018	**-**	**(426)**	**30**	**660**	**-**	**264**
Deferred tax charge/(credit) for year in profit or loss	-	21	(8)	(74)	(11)	**(72)**
At 31 January 2019	**-**	**(405)**	**22**	**586**	**(11)**	**192**
Acquired in the year	-	(310)	-	1,059	(188)	561
Deferred tax (credit)/charge for year in profit or loss	-	100	(22)	(149)	(7)	**(78)**
DT charge/(credit) OCI	-	-	-	-	23	**23**
Foreign exchange difference	-	-	-	(20)	1	**(19)**
At 31 January 2020	**-**	**(615)**	**-**	**1,476**	**(182)**	**679**

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 deferred tax assets of £3,859,000 (2019: £2,949,000) in respect to losses amounting to £18,442,000 (2019: £14,771,000) that can be carried forward against future taxable income, on the grounds that their utilisation is not probable.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000

Recoverable within 12 months	-	306	306
Recoverable after 12 months	-	1,170	1,170
Settled within 12 months	(44)	-	(44)
Settled after 12 months	(753)	-	(753)
	(797)	**1,476**	**679**

14. Share capital, share premium account and own shares held

Allotted and fully paid	**2020 Number**	**2019 Number**
Ordinary shares of 10p each	110,805,795	99,031,889
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.

	Number of shares	**Allotted, called up and fully paid shares £'000**	**Share premium account £'000**	**Own shares held £'000**
At 1 February 2018	**303,065,092**	**16,705**	**22,931**	**(303)**
Issue of shares	22,666,675	2,266	6,234	-
Share issue costs	-	-	(504)	-
At 31 January 2019	**325,731,767**	**18,971**	**28,661**	**(303)**
Issue of shares	11,773,906	1,179	2,119	-
Share issue costs	-	-	(301)	-
At 31 January 2020	**337,505,673**	**20,150**	**30,479**	**(303)**

Of the 11,773,906 issued shares in the year relating to the Geomap-Imagis acquisition, 9,871,220 were issued for cash which increased share capital by £987,000 and share premium by £2,119,000 before share issue costs of £301,000. The remaining 1,902,686 were issued through acquisition of shares which increased share capital by £192,000 and increased the merger reserve by £435,000.

Own shares

As a result of the disposal of Avisen (Pty) SA Limited on 14 July 2010, 3,500,000 shares with a nominal value of 5p each were purchased and held in treasury. The consideration paid was £306,000. On 28 November 2011, the Company sub-divided its existing share capital of 5p shares into 1p ordinary shares and 4p deferred shares. 303,644 shares were used to satisfy the exercise of share options by an employee in the year to 31 January 2017. At 31 January 2018 the Group had 3,196,356 ordinary shares of 1p and 3,500,000 deferred shares of 4p. Following the share consolidation in August 2018 the Group had 319,635 ordinary shares of 10p and 3,500,000 deferred shares of 4p.

15. Earnings/(loss) per ordinary share

Basic (loss)/profit per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020 £'000	**2019 £'000**
Loss attributable to equity shareholders of the Parent	**(1,485)**	**(1,700)**
Less loss from discontinued operations	**-**	**270**
Loss from continuing operations	**(1,485)**	**(1,430)**
Adjustments:		
Income tax credit	(248)	(389)
Net finance cost	195	191
Depreciation	1,030	141
Amortisation and impairment of intangible assets	2,169	1,785
Share-based payment charge	398	218
Strategic, integration and other irregular items	1,167	672
Adjusted EBITDA from continuing operations	**3,226**	**1,188**

	2020 Number 000s	**2019 Number 000s**
Basic weighted average number of ordinary shares	**108,438**	**86,425**
Impact of share options	**1,743**	**-**
Diluted weighted average number of ordinary shares	**110,181**	**86,425**

	2020 Pence	**2019 Pence**
Basic loss per share	**(1.37)**	**(1.97)**
- from continuing operations	(1.37)	(1.65)
- from discontinued operations	-	(0.31)
Diluted loss per share	**(1.37)**	**(1.97)**
- from continuing operations	(1.37)	(1.65)
- from discontinued operations	-	(0.31)
Basic adjusted EBITDA per share	**2.97**	**1.06**
- from continuing operations	2.97	1.37
- from discontinued operations	-	(0.31)

Diluted adjusted EBITDA per share	2.93	1.06
- from continuing operations	2.93	1.37
- from discontinued operations	-	(0.31)

Basic loss per share and diluted loss per share are the same because the options are anti-dilutive. Therefore, they have been excluded from the calculation of diluted weighted average number of ordinary shares. They become dilutive for basic adjusted EBITDA per share and are therefore included in the calculation of diluted weighted average number of ordinary shares.

16. Post balance sheet events

COVID-19

On 30 January 2020, the World Health Organisation (WHO) declared the outbreak of coronavirus to be a public health emergency of international concern, and on 11 February 2020 it named the new coronavirus disease COVID-19. Given the levels of spread and severity, by 11 March 2020, the WHO had announced that COVID-19 was a global pandemic,

An assessment was made, throughout the Group's operations in the UK, Ireland, USA, France, Belgium, Tunisia and Australia, of the timing and impact of travel restrictions, quarantines and lockdowns, closure of businesses and schools, and government support initiatives in response to COVID-19 on our staff, customers, suppliers.

Based on this assessment, COVID-19 has been considered a non-adjusting event (indicative of conditions that arose after the balance sheet date) and has not affected the recognition and measurement of assets and liabilities in these financial statements

However; due to the uncertainty created by COVID-19, the decision was taken to create a working capital model ("COVID-19 budget") focused on the potential impacts of COVID-19 and the actions that the Board can take to mitigate those impacts. The Board has concluded, based on the COVID-19 budget and sensitivity analysis performed, as well as on the government assistance and bank loans obtained after 31 January 2020 (see below), 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.

Government assistance

In April 2020, 1Spatial Inc. received a loan of $338,000 as part of the Small Business Administration (SBA) Paycheck Protection Program, designed to provide an indirect incentive for small businesses to keep their workers on the payroll. The SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, or utilities.

Bank loans

In March 2020, 1Spatial France SAS drew down the €1,000,000 bank loanfrom Le Credit Lyonnais that it hadsecured in August 2019, to provide additional working capital after the onset of the COVID-19 pandemic. The loan is for a duration of 4 years and 9 months, at a fixed rate of interest of 1.3% per year (increased to 1.89% including insurance and warranty fees) and paid quarterly. The loan is repayable in 16 quarterly instalments, commencing in May 2020. Repayment of the loan was deferred in light of the COVID-19 pandemic so that the final instalment is due a quarter later than initially required, in August 2024.

Further state-guaranteed credit lines of €500,000 and €150,000 have been secured by Geomap-Imagis SAS and 1Spatial France SAS respectively, and a further €350,000 is in the process of being secured by 1Spatial France SAS. These credit lines are interest-free and are for a duration of one year. After a year has elapsed, Geomap-Imagis SAS and 1Spatial France SAS have the option to repay the amount with a nominal guarantee fee, or to convert the credit line to a loan.

17. Availability of annual report and financial statements

Copies of the Company's full annual report and financial statements are expected to be posted to shareholders in due course and, once posted, will also be made available to download from the Company's website at www.1spatial.com.

1Spatial plc is registered in England and Wales with registered number 5429800. The registered office is c/o Tennyson House, Cambridge Business Park, Cambridge, Cambridgeshire, CB4 0WZ.

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