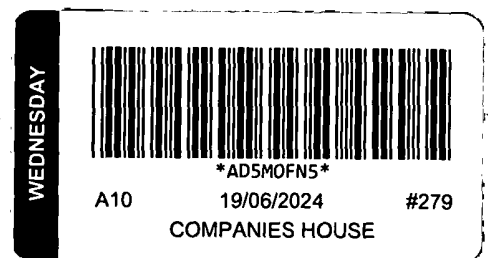


DELIVERING CONFIDENCE IN DATA



**FOR A SAFER,
SMARTER
AND MORE
SUSTAINABLE
WORLD**

1Spatial Plc
Registered company number (England): 5429800

2024
Annual Report
& Accounts

Everything we do is built around a commitment to doing the right thing for our customers, our people and our planet. Our Mission, Vision, Purpose and Values guide the way we do business.

Making the world more sustainable, safer and smarter for the future is a team effort. Our people are passionate about making a difference and are key to unlocking the value of location data.

DISCOVER WHAT'S INSIDE

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CHAIRMAN'S STATEMENT

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Our Vision

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

Our Mission

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

OUR 2024 REPORT

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At a Glance

DELIVERING CONFIDENCE

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

1Spatial is a leader in delivering Location Master Data Management ('LMDM') software and solutions. We help solve our customers' data challenges by building strong data foundations and delivering innovative solutions for confident and informed decision-making, with location data as a key enabler.

Our user-friendly, no-code, cloud-enabled solutions and business applications facilitate automated data governance while delivering increased efficiencies and significant cost-savings – contributing to a safer, smarter and more sustainable world. Our global clients include national mapping and land management agencies, utility companies, transportation organisations, government, public safety and defence departments.

Business segmentation

With the launch of our SaaS based products during FY 2024, we have changed the way we describe and refer to our businesses throughout this Report. The segments we now refer to are the Enterprise business and the SaaS solutions business.

Enterprise Business

Our Enterprise business operates across all regions and generates revenue through several channels:

- Our market-leading software platform
- Proprietary applications developed on third-party platforms
- Re-sale of third-party software
- Product implementation services

The Enterprise business provides the requisite financial resources and product expertise to deliver our SaaS products with the 1Spatial brand adding credibility to these new offerings.

SaaS Solutions

Our SaaS product suite comprises the following products:

- 1Streetworks, a product designed to automate traffic management planning and save significant time and cost across the industry
- A cloud-based 'light' version of our NG-9-1-1 solution suitable for counties and cities within each US state. The solution allows counties and cities to validate data before submission to the State authorities

IN DATA

7

Operational countries

United Kingdom
United States
France
Belgium
Republic of Ireland
Tunisia
Australia

25

Locations of our key customers

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

330

Employees worldwide

► Discover more on page 8

OUR PARTNERS

Industries – Core Industry Sectors

GOVERNMENT & PUBLIC SAFETY

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

UTILITIES

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

TRANSPORTATION & INFRASTRUCTURE

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

DELIVERING VALUE

Our purpose is to help customers make confident and informed decisions by unlocking the value of location data for a safer, smarter and more sustainable world.

We help our customers make critical location-based decisions in many different ways.

Safer

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

Refer to the section on work done in the USA for NG-9-1-1 on page 31.

Smarter

Utilities companies and Distributed Network Operators ('DNOs') use our SaaS solutions to drive efficiencies and cost savings through the traffic management process.

See how we've helped the UK Power Networks improve their decision-making by automating their traffic management processes on page 28.

More accurate

Our customers rely on us to help them solve their most complex data problems. Our powerful software is able to fix and retest huge quantities of poor quality data resulting in increased operational efficiency.

See how we helped Hunter Water transition to a new Utility Network management system on page 32.

Our Stakeholders

TO ALL SHAREHOLDERS

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

Planet

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

Suppliers & Partners

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

Customers

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

Shareholders

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

People

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

HIGHLIGHTS AND

Financial highlights

Group revenue increased 8% to £32.3 million, resulting in an annual increase of 15% in gross profit

Annualised recurring revenue ('ARR') increased by 9% to £17.2 million

Recurring revenue accounts for 56% of total revenues (FY 2023: 49%) driven by year-on-year term licence revenue growth of 60%

Operating profit grew to approximately £1.4 million (FY 2023: £1.3 million) despite the increases in inflationary costs

We launched our SaaS businesses in the period with £0.2 million of revenue generated from initial trials

	31 January 2024 £m	31 January 2023 £m	Change %
Group revenue	32.3	30.0	8
Recurring revenue	18.1	14.8	22
Term licences revenue	8.3	5.2	60
SaaS solutions revenue	0.2	-	100
Group total ARR	17.2	15.8	9
Term licences ARR	7.7	5.6	38
Group gross profit	17.9	15.5	15
Adjusted EBITDA	5.5	5.0	10
Adjusted EBITDA margin (%)	17.0	16.7	0.3
Operating profit	1.4	1.3	8
Profit before tax	1.1	1.0	10
Earnings per share - basic (p)	1.1	1.0	10
Earnings per share - diluted (p)	1.0	0.9	11
Net cash	1.1	3.1	(65)

Alternative Performance Measures ('APMs')

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

APM	Explanation of APM
Recurring revenue(s)	Recurring revenue is the value of committed recurring contracts for term licences and support & maintenance recorded in the year.
Annualised recurring revenue ('ARR')	Annualised recurring revenue ('ARR') is the annualised value at the year-end of committed recurring contracts for term licences and support & maintenance.
Adjusted EBITDA	Adjusted EBITDA is a company-specific measure which is calculated as operating profit/(loss) before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charge and strategic, integration and other non-recurring items.
Available liquidity	Available liquidity is the Group's gross cash balances less the undrawn element of the Group's revolving credit facility. Details of the revolving credit facility is more fully described in note 1.1 to the consolidated financial statements.
Net cash	Net cash is gross cash less bank borrowings.

OUTLOOK

Operational highlights

Our Enterprise business secured multi-year contracts across all of our key geographies, demonstrating the quality of our products and the strength of our customer relationships

- The UK increased its footprint across the utilities sector, secured multi-year contract renewals with key customers and developed the collaboration with UK Government agencies and strategic partners
- The US continues to represent a significant opportunity for the Group. We now partner with 18 US states, following the addition of the State of Oregon in the year, and continue to develop expansion opportunities with existing customers
- Europe has completed its transition from declining legacy software, winning considerable contracts at the end of the year, positioning the region for growth in FY 2025

Continued R&D investment in innovative solutions – launching two high-margin SaaS solutions, NG-9-1-1 and 1Streetworks, both targeting sizeable niche markets

1Streetworks contract secured in February 2024 with UK Power Networks, with the opportunity to expand

Five NG-9-1-1 SaaS contracts secured

Outlook

- ▶ There has been a solid start to trading in the current financial year with a growing sales pipeline and two significant framework agreements secured, with the State of Texas and UK Cabinet Office
- ▶ Anticipate growing contribution in FY 2025 and beyond from 1Streetworks and NG-9-1-1 SaaS sales, which represent a significant avenue for margin growth and cash generation
- ▶ Measured additional investment in FY 2025 in US Enterprise and 1Streetworks sales teams, where we see considerable opportunity, based on our proven offerings and established customer relationships
- ▶ While cognisant of inflationary cost pressures, the Board remains confident in delivering further progress in FY 2025 with a further growth step up in FY 2026 as the Company benefits from the current ongoing investment

Our People

PEOPLE - THE LIFEBLOOD

At 1Spatial we celebrate our incredible team members and the welcoming atmosphere we have cultivated to ensure that they can work together to successfully solve our customers' problems. Our goal is to empower every individual across our teams, nurturing talent and fostering growth through evolving approaches.

In our supportive culture, everyone finds a place to shine. We are dedicated to supporting our employees, offering flexibility, and embracing diversity at every opportunity.

Employee engagement

Our managers lead with empathy and trust, as reflected in the positive feedback from our global employee engagement survey. Here is what our survey tells us:

- Employees and their managers share strong, positive connections.
- Colleagues bond closely, creating a supportive environment.
- Opportunities for growth and development abound.
- Respect and trust are the cornerstones of our interactions.

Our commitment does not stop at the office door. We are actively involved in giving back to our local communities. So far, this has included team volunteering days in the UK and charitable events across our global locations to raise money for both local and international events.

Across all locations, we offer mental health awareness training for everyone. In the UK, we have further increased our commitment by introducing a mental health and wellbeing working group whose purpose is to continually improve our approaches. This includes an increase in the number of mental health first aiders and champions.

In line with our values, we support flexible working and encourage employees to take time out to focus on themselves. Our global wellbeing month in October provided the global teams with the opportunity to take part in different initiatives, raising awareness of positive mental health. These included a variety of activities such as a global 30-day yoga challenge, training and much more.

We are driven by our five core values:

WE RESPECT

Our people as individuals and we're proud of our friendly culture

We respect each other as individuals and treat everyone with equality and respect. Our friendly and diverse culture is approachable and noticeable across our whole business and the outside world. We celebrate each and every individual and value our diversity.

WE INNOVATE

Embracing change and pushing boundaries

We're evolving and growing and not afraid to challenge the status-quo, push boundaries and embrace the change around us.

WE COLLABORATE

Working and playing as 1Team

We are all working towards the same end goal and play as 1Team to achieve our objectives. Cross-team collaboration is so important.

WE TRUST

Celebrating a culture of honesty and transparency

We trust one another and are provided autonomy within our working environment to complete tasks.

WE CARE

About making the world safer, smarter and more sustainable

We care. Our products and services have a huge social impact. We are passionate committed to making our world safer smarter and more sustainable and through our different initiatives, such as carbon offsetting and our ESG, CSR activities.

OF ISPATIAL

Equality, diversity and inclusion are principles we live by. We continually strive to make our workplace even more welcoming and respectful, where every individual feels valued and understood. In essence, at Ispatial, we are more than just colleagues – we're a friendly, supportive community, working together to achieve our goals.

Attracting and retaining talent

We foster an environment where learning and development are integral to our ethos. We understand that the growth of our employees is pivotal to our success, and we are committed to providing a diverse array of opportunities tailored to nurture this growth. Our approach is multifaceted, focusing not only on the professional advancement of our employees but also on supporting the needs of our managers. We believe that leadership development is crucial, and we strive to equip our managers with the tools and knowledge necessary to lead effectively.

In addition to leadership support, we offer our employees the chance to gain professional qualifications, enhancing their skill set and opening doors to new opportunities. We recognise the value of cross-departmental training, which allows for a broader understanding of the Company and fosters a culture of collaboration and versatility.

Enhanced benefits are a cornerstone of our strategy, reflecting a deep understanding of what our employees seek in the workplace. By prioritising the well-being and professional growth of our employees, we not only attract but retain top talent. The emphasis on employee satisfaction and retention is a strategic choice that has yielded significant dividends, positioning Ispatial as an employer of choice in the industry. Our approach to talent attraction and retention is a blend of strategic market analysts, competitive benefits, and a deep-seated commitment to employee satisfaction, setting a benchmark in the industry for others to follow.

We have invested in a robust e-learning platform. The content on our e-learning platform is regularly updated to reflect the latest industry standards and practices, ensuring that our workforce is always at the forefront of knowledge. We also encourage continuous learning through various initiatives, such as workshops, seminars and webinars, which are conducted by experts in their respective fields. These initiatives complement our e-learning offerings and provide a dynamic and interactive learning experience.

We are steadfast in our belief that an investment in our employees' development is an investment in the future of our Company. By providing comprehensive learning and development opportunities, we are not only enhancing the capabilities of our workforce but also contributing to a culture of excellence and innovation. Through our concerted efforts in learning and development, we are shaping a workforce that is competent, confident and committed.

Jessica Sims
HEAD OF GLOBAL PEOPLE

Investment Case

REASONS TO INVEST

Growing market opportunities

- ISpatial sits at the heart of significant growth opportunities with government, utility, transport and other industry sectors around the world as they invest to meet their Net Zero goals. We work directly and together with partners in these critical industry sectors, providing innovative solutions and domain expertise to support their investment in infrastructure upgrades and the drive for greater quality and efficiency in what they do. We help organisations implement strategies in response to the digital transformation taking place ensuring often complex and disparate data is accurate and can be trusted. Together we enable a smarter, safer and more sustainable world.
- We collaborate with global partners on large-scale data transformation projects and tap into a broader network of prospective clients. We harness innovation through collaborative partnerships to create technology that solves emerging industry needs.
- The Geospatial Information Systems Market is currently worth US\$12.9 billion, which is estimated to almost triple by 2032 to US\$35.5 billion, and secondly, the mainstream Master Data Management market, which is worth US\$16.68 billion but estimated to triple by 2030 to US\$54 billion.
- The US market is a significant growth opportunity for the Group, particularly with our Next Generation 911 ('NG-9-1-1') solution where there is a potential US\$350 million market opportunity for our SaaS product alone.
- The traffic management market is a significant growth opportunity for the Group with our IStreetworks solution for the production of automated traffic management plans where there is a potential £400 million market opportunity for low-speed roads in the UK.

Pioneering technology and long-standing location data expertise

- We are pioneers in the auditing, validation, cleansing, synchronising, updating and analysing of location data, and our technology is recognised as being of a world-class standard.
- Our market-leading technology powers some of the world's largest location data implementations, such as the US Census Bureau and the UK National Underground Asset Register ('NUAR').
- We understand the complexity of location data formats and sources, the rules that need to be applied to validate data and how to resolve issues that arise from complex data integration and transformation projects.
- Our domain expertise has been honed over 30 years, which presents a high barrier to entry.
- Our patented technology enables us to validate, map and integrate data from multiple sources, systems and formats at speed and at scale, without requiring the data to be centralised beforehand. Our technology can be used to process both spatial and non-spatial data.
- We have security in mind at all stages of our development lifecycle. Our products and solutions undergo penetration testing to ensure they are robust, and we release regular patches to proactively shield against any identified issues or third-party vulnerabilities.

IN 1SPATIAL

Valuable customer base

- We have a strong customer base of varying sizes from across the Government, Utilities and Transport sectors, providing a strong foundation for growth, as we seek to expand these relationships and generate additional opportunities.
- While this is already an extensive customer base, we believe, as leaders in location data validation and sharing, we are at an early stage of our growth journey.
- Our commitment to service excellence means we benefit from high levels of customer retention.

Scalable business model

- We are transitioning to a Software-as-a-Service ('SaaS') delivery and business model, with a growing proportion of recurring software revenue.
- We have built an elastic, multitenant cloud platform to support increased market penetration and scalable growth.
- We have a substantial opportunity in the USA – our IP currently underpins key population communication platforms including in California, New York and Arkansas – our solutions are applicable for the towns and cities across 50 states.
- We have a transformational opportunity in the UK where our 1Streetworks product is revolutionising the production of traffic management plans.
- We forge strong relationships with an expanding list of partners, providing additional sales and marketing reach.

Strengthening financial position

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

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

IMPLEMENTING OUR TRANSFORMATIONAL

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

Our market

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

The global geographic information system ('GIS') market size reached US\$12.9 billion in 2023. Looking forward, the IMARC Group expects the market to reach US\$35.5 billion by 2032, a CAGR of 11.5% during 2024-2032¹.

Similarly, the global master data management market was valued at US\$16.68 billion in 2022 and is expected to grow to US\$54 billion by 2030 at a CAGR 15.8% during the forecast period 2022-2030².

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

GROWTH OPPORTUNITY

Supporting digital transformation goals

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

Data is a critical enabler for growth

Sustainability goals, and the move to a data-driven economy, continue to drive unprecedented growth in both the quantity of location data and the need for applications to derive value from it. 80% of all data collected now has a location component to it (according to a survey by Esri, a global specialist in GIS, location intelligence and mapping software). In fact, a global survey run by local intelligence company Carto (a leading location intelligence platform) found that 94% of large businesses collect and/or store location data.

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

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

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

² <https://www.polarismarketresearch.com/industry-analysis/master-data-management-market>.

Market Overview continued

OUR APPLICATIONS

NG-9-1-1

We estimate that the addressable market for our NG-9-1-1 application can be broken down into two tiers:

1. US states – with 50 states we estimate that the addressable market for our enterprise version is approximately US\$7.5 million of Annual Recurring Revenue ('ARR').
2. US counties and cities – our SaaS-based 'validation-as-a-service' solution enables cities and counties to validate their location data prior to submission to the state. With 23,000 cities and counties, the addressable market is estimated at US\$350 million.

1Streetworks (formerly Traffic Management Planning Automation ('TMPA'))

The addressable market for our 1Streetworks (Traffic Management Planning Automation) SaaS-based application for low-speed roads in the United Kingdom is estimated at £400 million.

Our expertise

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

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

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

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

Sustainability drivers

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

The macro environment

Despite the current macro environment, digital transformation and government investment initiatives continue to drive a substantial need for data management tools, particularly those capable of managing complex location data. At the macro level, we believe themes such as the 17 United Nations ('UN') Sustainable Development Goals ('SDGs'), a universal call for action to end poverty, hunger and protect the planet and specific government initiatives.

KEY INDUSTRY DRIVERS

Macro Themes

ESG & sustainable development goals

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

Government investment initiatives

- US\$1.2 trillion infrastructure investment - USA
- £600 billion investment in infrastructure - UK
- €806 billion NextGenerationEU - European Commission

Digital economy

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

Target Markets

Government

Utilities

Transport

Market Drivers

Sustainability
(drive to Net Zero)

Infrastructure investment

Health & safety

Our Business Model

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

ENABLING CRITICAL

HOW WE PRIORITISE OUR BUSINESS ACTIVITIES

Business

- Financial performance
- Investor growth
- Customer needs

➤ [Read more about our performance on page 22 \(CEO review\)](#)

ESG

- People
- Planet
- Product
- Practices

➤ [Read more about ESG on page 36](#)

Technology

- Innovation
- SaaS-enablement
- 1Spatial Platform

➤ [Read more about the 1Spatial Platform on page 18](#)

RESOURCES AND RELATIONSHIPS WE RELY UPON

Business

- Financial capital
- Industry expertise
- Customers
- Partners

ESG

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

➤ [Read more about ESG on page 36](#)

Technology

- 1Spatial Platform

➤ [Read more about the 1Spatial Platform on page 18](#)

DECISION- MAKING

OUR OUTPUT

Location Master Data Management ('LMDM')

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

Products

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

Applications and solutions

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

➤ Read more about Location Master Data Management, our 1Spatial Platform and our solutions and applications on page 18 (1Spatial platform)

OUR REVENUE SOURCES

LICENSING

CONSULTING SERVICES

MAINTENANCE AND SUPPORT CONTRACTS

➤ Read more about our revenue streams on page 22 (CEO review)

OUR DIFFERENTIATORS

Speed and scale

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

Data and system agnostic

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

Spatial and non-spatial data

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

No-code rules engine

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

Configuration

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

Automation

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

The 1Spatial Platform

THE 1SPATIAL

Automated data governance and Location Master Data Management

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

A central geospatial data ecosystem

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

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

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

PLATFORM

Business Applications

1Streetworks (formerly Traffic Management Planning Automation ('TMPA'))

1Streetworks is a business application that enables the automatic generation of statutory traffic management plans around essential roadworks in a fraction of the time it would otherwise take. Maintenance, repairs and excavations on roads to access utility pipelines and cables is often unavoidable and, in the UK, there are approximately four million works on low-speed roads each year. Each one must be planned, and a significant amount of time is required for the creation of an approved, compliant traffic management plan. We believe the market opportunity for the application to be significant and trials have now commenced with several organisations across the UK. Initial feedback from these trials was very positive with one customer entering into a 12-month contract during the year. This is more fully explained in the case study on page 28.

Next Generation 911

Our Next Generation 911 Solution ensures that emergency services are using validated and integrated location data and that any issues with the data are rectified as quickly as possible.

The automated process saves time and resources, providing a single source of truth for multiple emergency services departments. By having a complete dataset, the emergency service departments will be able to react to incidents faster, and make decisions confidently, based on trusted data. To date, we have secured contracts with eight federal states.

US Highways Performance Management System ('HPMS')

HPMS, underpinned by the 1Spatial 1Integrate rules engine, was developed in collaboration with the US Federal Highway Administration. The application automates the process of validating and preparing the highway/roads data for submittal to the Federal Highway Agency, which was formerly a very arduous process. HPMS data submission is critical to each of the 50 states in the US, as it determines the Federal Highway funds to be allocated to each state each year. This repeatable solution for state Departments of Transportation provides recurring annual term licence and services contracts. Customers already include the Federal Highway Administration and the Departments of Transport for Massachusetts, West Virginia and Pennsylvania.

1Water

1Water is a business application for water network management. This global solution has been built on top of the Esri platform and works with the new Esri Utility Network Model. We have used this solution to successfully migrate our existing French customers in the water sector to the Esri platform and intend to market this solution globally. We have already secured 15 clients in Europe since its launch late in 2021.

1Telecomms

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

Chairman's Statement

CONFIDENT IN OUR PERFORMANCE

Group revenue

£32.3m

2023: £30.0m

▲ 8%

Recurring revenue

£18.1m

2023: £14.8m

▲ 22%

Term licences revenue

£8.3m

2023: £5.2m

▲ 60%

“We have maintained our growth trajectory in FY 2024, successfully continuing our transition to a business that has productised its valuable IP and data expertise into scalable software solutions, including SaaS and recurring revenues.”

Our Enterprise business, which supports some of the world's largest organisations and government led initiatives in their major digital transformation initiatives, secured multi-year contracts in the year across all of our key geographies, clearly demonstrating the quality of our products and the strength of our customer relationships.

Through leveraging the revenue generated from the success of the Enterprise business, the Group has developed a scalable cloud platform and launched two high-margin SaaS solutions, NG-9-1-1 and 1Streetworks, both targeting sizeable niche markets, which has set the business up for accelerated future growth over the medium term.

It is evident that the reorganisation of the Group that has taken place over the last few years has now resulted in a business with the ability to grow across all markets. The UK continues to win and deliver on significant contracts for the UK Government such as the National Underground Asset Register ('NUAR'). The US continues to represent a significant opportunity for the Group, building on the successes to date with the likes of Google and CalTrans, and we now have 18 US states as customers and a reinvigorated sales team into which we will continue to invest in FY 2025. Europe has completed its transition from declining legacy software and starting to move into growth, and Australia has likewise delivered an increasing level of proprietary software deals in the year.

The churn in our customer base is low, demonstrating the value our customers place not only on our offerings but also the support they receive from our knowledgeable team.

WITH ANOTHER YEAR OF SOLID GROWTH

Group total ARR

£17.2m

2023: £15.8m

▲ 9%

Term licences ARR

£7.7m

2023: £5.6m

▲ 38%

Group gross profit

£17.9m

2023: £15.5m

▲ 15%

ESG and people

ESG is at the centre of 1Spatial's business; our products offer more sustainable, safer and smarter solutions. We revised our ESG strategy in 2023 and undertook a detailed carbon assessment, results of which are included in the ESG report. With the move back towards normal business travel, including general commuting and customer and supplier meetings, there has been an increase in carbon usage since last year, but we have a clear list of actions to reduce this to Net Zero by 2050.

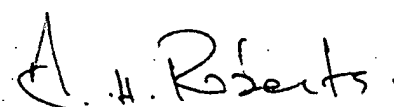
As we position ourselves to scale, it is crucial we have the right people in place to execute our strategic priorities, and continuing to invest in our sales and marketing team is a key focus for the year ahead.

Summary and outlook

FY 2024 represented the tipping point in the business with recurring revenues now representing the majority of the business; alongside the successful commercial launch of two new SaaS products which each represent substantial opportunities. We have entered the new year with good momentum, as evidenced by the execution of the UKPN 1Streetworks contract and further Enterprise wins, and I am confident in our ability to deliver sustained growth and create long-term value for our shareholders.

Andy Roberts

NON-EXECUTIVE CHAIRMAN
23 April 2024



Andy Roberts

NON-EXECUTIVE CHAIRMAN
23 April 2024

CONFIDENT IN OUR PERFORMANCE,

“ISpatial’s FY 2024 performance is testament to the Group’s dedication to growth and innovation as we continue in our steady transition from a predominantly services led business towards higher margin, recurring software licences.”

The Group achieved double digit growth in recurring revenues and EBITDA. Recurring revenues now account for 56% of total revenues (FY 2023: 49%).

Our strategic investments in product development and business expansion have yielded positive results, delivering revenue growth of 8% to £32.3 million, with approximately 56% (FY 2023: 49%) represented by recurring revenue.

Within recurring revenues, software term licence revenue has increased by 60% to £8.3 million (FY 2023: £5.2 million) with double digit growth across the UK, US and Australia.

Building upon the strong foundation of our Enterprise business, we successfully introduced two high-margin SaaS solutions to the market in the year, which are already unlocking new markets, and we remain committed to developing our product portfolio to capture new opportunities and drive sustained growth.

The growing demand for up-to-date trusted location data presents extensive opportunities for ISpatial. The global geospatial analytics market size is projected to grow from \$79 billion in 2023 to \$207 billion by 2030, at a CAGR of 14.7%. The significant growth of the market is mostly attributed to the increasing use of advanced technologies, such as AI, expert systems, machine learning and widespread adoption of 5G technology.

Claire Milverton
CHIEF EXECUTIVE OFFICER

PEOPLE, PRODUCTS AND PLATFORM

All of these new advanced technologies depend on one thing – trusted, accurate and up-to-date data and that is what we enable at 1Spatial.

Our strategic positioning at the forefront of this transformation enables us to capitalise on emerging growth areas, as demonstrated by the recent UKPN 1Streetworks contract and NG-9-1-1 initiatives in the US.

I am extremely proud of the team's performance in FY 2024 which is enabling the successful transition to a business model centred around scalable software solutions. Looking forward we have scoped the market opportunity, the route to market and have the technology developed. Our focus is now on execution with investment in the near term to drive sales and secure the substantial opportunity ahead of us.

Successful launch and sales of SaaS solutions: 1Streetworks and NG-9-1-1

The expansion of the 1Spatial Cloud platform includes the launch of our multi-tenancy SaaS based solutions 1Streetworks (formerly Traffic Management Plan Automation) and NG-9-1-1. These applications considerably increase our addressable market and provide the potential for significant expansion of high margin software revenue.

We believe the potential addressable markets for 1Streetworks and NG-9-1-1 are £400 million and \$350 million respectively.

SaaS revenues generated in FY 2024 amounted to £0.2 million from initial trials with growth from both solutions anticipated in FY 2025 and beyond.

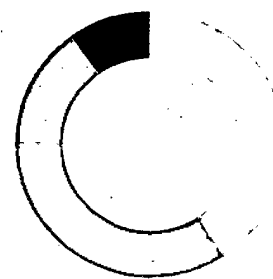
1Streetworks

1Streetworks automates the production of traffic management plans, diversion routing and asset inventory lists in the UK, producing a comprehensive, site-specific traffic management plan in just a few minutes. The solution is highly scalable, with high gross margins and an already enthusiastic reception from our target customers.

Currently, utility companies and contractors face the arduous task of designing compliant traffic management plans to secure permits for road works, navigating complex legal regulations outlined in the red book codes of practice. Traditional processes leave room for human error, inviting potential fines for non-compliance. 1Streetworks, powered by our patented rules engine 1Integrate, encodes the red book guidelines and is the first solution in the market to fully automate the production of traffic management plans, significantly shortening the time, effort and cost it takes to produce plans that are both consistent and compliant.

With the utilities sector being a primary target vertical for this product, we were delighted to report that, following successful completion of a trial, UK Power Networks signed an initial 12-month contract to use our 1Streetworks software to revolutionise streetworks planning, in January 2024. The contract will deliver a minimum of £0.34 million of SaaS revenue with the potential for considerable expansion. UK Power Networks has 190,000km of cables and delivers thousands of streetworks every year across London, the South-East and East of England, to maintain safe and reliable power supplies to 19 million people.

Revenue by region



- UK/Ireland
- Europe
- US
- Australia

CEO's Review continued

INNOVATION

We are now investing in the expansion of the 1Streetworks sales and marketing teams which will have incremental cost implications in FY 2025, with the benefits flowing through in FY 2026 and beyond. We have initiated a three-year plan based around expanding our service further into Tier 1 contractors, traffic management companies, local authorities and the transportation sector, in addition to utilities.

We also currently have four ongoing trials, with an additional ten expected to commence in the first half of the year. We anticipate that each 1Streetworks deal could potentially secure Annual Recurring Revenue ('ARR') ranging from £100k to £3 million depending on the sector and size of the end customer.

We have set ambitious revenue targets for 1Streetworks, including reaching £40 million in annual recurring SaaS revenues in the next five years, with the operational leverage of the platform delivering EBITDA margins far above the Group average.

NG-9-1-1

Our Public Safety NG-9-1-1 solution combines a powerful rules engine and data aggregator with a self-service cloud platform to support public safety entities with their data readiness needs. The launch of our cloud platform means we can now offer a 'light version' of our NG-9-1-1 solution aimed at the counties and cities within each US state, significantly increasing our addressable opportunity. We secured five contract wins for this solution in the year and have further trials underway.

The adoption of the product demonstrates the value offered to the customer and provides the Group with an opportunity to scale up into a significant market opportunity.

In the second half of the year, following customer feedback, the team worked on advancing our offering with an Esri integration, aimed at promoting the product's use across the Esri user base. We are now exploring a go-to-market strategy involving partner collaboration to complement our direct sales approach and accelerate the growth across the US. This will provide wider market coverage of this key market.

With the potential addressable market of approximately \$350 million ARR for our NG-9-1-1 SaaS solution, our refined sales approach has been designed to enable us to capitalise on this significant opportunity.

Innovation

As well as the launch of our first two SaaS solutions, we continue to innovate, augmenting the capabilities of our existing offerings and developing new products in response to needs of our customers. In H1 FY 2024, we developed additional rules-based cleansing applications leveraging the power of our 1Integrate rules engine to automate data ingestion for use on projects such as the National Underground Asset Register.

We continue to focus on extending our cloud capability. Core components that underpin our SaaS solutions and 1Integrate product have been enhanced to make even the most complex data supply chains even easier to manage, notably:

- 1Integrate went through its next major release - v4.0. This introduced a brand-new user interface, expertly reworked for a smooth user experience and huge productivity gains. Building the rules that define the specific data processing tasks has never been faster. Its support for data and models was also extended to work with models like IFC, the Esri Utility Network Model and CAD, so we can offer more services and support to our Utilities, Government and Transport customers, as well as commercial customers like Google.
- 1Data Gateway also went through similar UI and API improvements allowing us to improve the speed, consistency, and quality of how we release and deploy our world-class SaaS rules-based

solutions (defined in 1Integrate) to our customers. How we repeatedly promote SaaS solutions through different environments has never been easier.

To further extend our reach of 1Data Gateway into the Esri customer base, we also launched 1Data Gateway for ArcGIS Pro, a revolutionary Data Quality add-in for Esri ArcGIS Pro (Esri's flagship desktop GIS). There is existing Esri integration with 1Data Gateway (e.g. with ArcGIS Dashboards) and 1Integrate (e.g. ArcGIS Feature Services). Now we have extended the integration further for Esri users who use ArcGIS Pro on the desktop.

Enterprise business expansion

The 'Land and Expand' strategy is continuing to deliver organic growth, and alongside our 1Streetworks and NG-9-1-1 offerings, we believe the opportunity for 1Spatial has never been greater.

UK

In addition to the transformational opportunity presented by 1Streetworks in the UK, we also made good progress across our Enterprise business in the year.

We secured our first contract with Yorkshire Water Services for £650K. The contract was to replace the company's GIS platform technology and our team was selected to undertake the transformation project using Esri technology due to the significant experience we have in the sector.

We strengthened our relationship with Ordnance Survey Great Britain through a two-year contract renewal, worth approximately £1.5 million, and will see 1Spatial's specialist team provide software and support services to Ordnance Survey's Data Management System.

CUSTOMER RELATIONSHIPS

We also secured a further software and services contract with existing customer Land and Property Services in conjunction with our partner Version1. Land and Property Services ('LPS') is a division within the Department of Finance ('DoF') in Northern Ireland who collect, process and manage land and property information.

In November 2023, the government announced that NUAR ('National Underground Asset Register') was made available across England and Wales and that MVP coverage will be expanded to Northern Ireland by Spring 2024 with the platform becoming fully operational across the three nations by the end of 2025. NUAR is a digital map of underground pipes and cables expected to provide £5 billion of economic growth to England, Wales and Northern Ireland. We are extremely proud to have been an integral part of this successful project. It demonstrates our world-leading geospatial capabilities and our ability to deliver on complex projects at scale. Our ISpatial platform is responsible for transforming, validating and maintaining the data from all contributing asset owners, demonstrating our world-leading technology and skilled team.

In early FY 2025, we were selected by our long-standing partner CGI for inclusion in the Cabinet Office Strategic Delivery Partner ecosystem. Alongside CGI, we will be working with the Cabinet Office over a five-year period to deliver a range of digital, data and technology services and products in support of Cabinet Office Business Units.

US

During the year, the US continued to contribute to the Group's recurring revenue growth with a 23% increase compared to the prior year.

We secured our first contract with the State of Oregon using our IIntegrate and IDataGateway products – the initial contract value is \$0.4 million over two years with several future expansion opportunities. The Group now has 18 US States as customers, each with significant expansion potential.

We secured our second contract with the California Department of Transportation (Caltrans), in partnership with Rizing for \$0.4 million ARR demonstrating our ability to execute on the opportunity. As the second contract with Caltrans, secured alongside Rizing, we are realising the strength of the long-standing partnership and demand for ISpatial's unique technology.

We also expanded our existing contracts with Federal Highways and Google REWS during the year.

The Group also signed its first framework agreement with the state of Texas post-period end for our Software, Commercial Off-the-Shelf ('COTS') and Related Services, through the Department of Information Resources ('DIR'). The DIR delivers technology solutions to state and local government entities within Texas to ensure the technology is secure, cost-effective and forward looking and this contract will enable all departments to procure ISpatial's software and services without going to formal tender.

Europe

Our focus in Europe in FY 2024 has been to generate awareness for our new applications and to build a strong pipeline for future years, as demonstrated by the multi-year contract we secured with a leading Distribution System Operator for electricity and gas networks in Belgium, in January 2024. The contract is for geospatial data processing services using ISpatial's IIntegrate product as well as the Group's geospatial data production services.

Also in Belgium, we secured an initial four-year contract with Société Walloon Des Eaux using our IWater application. In France, we secured a three-year contract extension with a major European utility customer for ISpatial's GIS Framework and IIntegrate products, extending the term from one year to three years.

In Germany, we secured a four-year contract with ATKIS-1Gen, a working group of ADV (Arbeitsgemeinschaft der Vermessungsverwaltungen der Laender) that coordinates surveying and mapping in Germany, focused on the development of a cloud-based generalisation product that will replace on-premise technology.

Australia

The Group secured its first IIntegrate licence contract in Australia winning Hunter Water, a state-owned corporation providing drinking water, wastewater, recycled water and storm water services to 500,000 people in the Lower Hunter Region in New South Wales. The contract is initially for six months carrying a value totalling AU\$200k with the possibility to extend.

SMART PARTNERSHIPS

Smart partnerships

Partnerships play a critical role in enabling us to secure new customers. During the year we continued to win work and deliver solutions alongside our trusted partners including Esri, CGI, Atkins Realis, Rizing, Qinetiq and Ordnance Survey.

The strengthening of our long-term partnership with Esri was of particular importance during the year, in terms of technology and providing enhanced go-to-market strategies across our SaaS offerings including NG-9-1-1. Esri is the global market leader in GIS with a network of over 2,700 partners around the world.

The past year's progress exemplifies our effective establishment of a partnership strategy with Esri on a global scale. Moving forward, our primary objectives include further identifying and nurturing relationships with major multinational corporations, particularly those where location data management is integral to broader customer bids.

ESG and people

We continue to make good progress with the development of our ESG strategy. In March 2022, we kicked off a stakeholder materiality assessment to determine the priority areas. We consulted with more than 150 customers, employees, Board members and senior management, shareholders, partners and suppliers to understand what areas are considered as most important for our stakeholders. We continue to develop these objectives through industry benchmarking, peer review and business consultations. Reporting on the key focus areas is included in the ESG section of this FY 2024 Annual Report.

During the first half of FY 2024, we started rolling out ISO 27001 to all Group entities. Our UK operations were successfully accredited in March 2024 with further accreditations for other Group entities anticipated in FY 2025. As advised in the previous year, we have included additional carbon reporting across all Group entities in our ESG report and plan to increase the level of reporting in the FY 2025 Annual Report to demonstrate the progress that we have made.

Our people are critical to the success of the Group. We continue to invest in our people, providing them with the tools and training to support them and allow them to realise their potential. We actively encourage our people to pursue activities that help them in their day-to-day work life and offer a professional development allowance for them to use as they see fit. We firmly believe that investing in and empowering our people fosters loyalty, team spirit and engenders trust which are all to the benefit both the Group and its people. We support our people in their charitable activities and organise team and Company-wide events to recognise important milestones throughout the year such as mental health awareness.

Current trading and outlook

We had a good year with our Enterprise business, gaining more customers and sales worldwide and growing recurring revenue, setting us up for long-term success. With its patented rules engine, the Enterprise business has created the operating cash to fund the powerful SaaS solutions that target niche markets and have the potential to transform 1Spatial's financial profile.

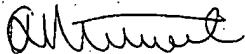
In FY 2025, a key focus is to prioritise securing sales of our SaaS applications, recognising their transformative potential for driving growth. We will maintain consistent levels of product investment to ensure that our industry-leading cloud platform continues to deliver the best possible customer experience and product performance. Additionally, we will continue to invest in sales and marketing teams for 1Streetworks and develop an innovative partner-enabled approach for NG-9-1-1, aimed at accelerating our growth trajectory.

A second key focus is the Enterprise opportunity in the US, where we see a considerable expansion opportunity, based on the strength of our offerings and existing customer relationships. We are therefore investing in further Enterprise sales resource to enable a greater focus on achieving our ambitions of \$1 million revenue per state.

The growth of the sales team to execute on the IStreetworks and US opportunities will lead to a limited amount of incremental investment in the short term. We are confident that given our inherent scalable platform that attractive returns from this extra investment will start to be seen in FY 2026.

We have seen a solid start to trading in the new financial year, including the securing of two new framework agreements with the State of Texas and the UK Cabinet Office through our partner CGI. A growing sales pipeline, increased levels of recurring revenue and a good level of committed services revenue provide the Board with confidence in the Group's prospects.

Claire Milverton
CHIEF EXECUTIVE OFFICER
23 April 2024



Case Study

A GAME-CHANGER FOR

1STREETWORKS

“Planning streetworks to the high standards we expect takes time and few have tried to revolutionise the process during my 23 years in the sector. So, I’m excited about the potential of 1Streetworks to streamline complex traffic management plans, enable better communication with customers and highway authorities and improve the speed and accuracy of streetworks plans.”

Paul Dooley, streetworks performance manager at UK Power Networks

UK Power Networks selects 1Streetworks software to revolutionise streetworks planning

UK Power Networks, a leading utility company, has recently concluded a successful trial of 1Streetworks, powered by ISpatial’s patented rules engine 1Integrate. Following the trial’s success, UK Power Networks has committed to a 12-month contract to implement this innovative solution across its operations.

The UK sees over four million low-speed road works annually, traditionally planned using manual systems that have seen little innovation in three decades. This antiquated approach has led to significant capacity issues, with planning turnaround times ranging from hours to weeks.

A revolutionary process

1Streetworks has revolutionised this process by enabling the creation of safe, compliant and consistent traffic management plans in just a few minutes, significantly enhancing operational efficiency and meeting stringent regulatory targets.

Impact on UK Power Networks

UK Power Networks manages an extensive network of 190,000km of cables and conducts thousands of streetworks yearly to ensure safe and reliable power supplies to 19 million people across London, the South-East and East of England. The 1Streetworks software was piloted in Surrey, where it demonstrated a remarkable reduction in the time required for surveyors to design streetworks plans, cutting down hours of labour-intensive work to mere minutes without compromising safety and accuracy.

The Impact

The trial in Surrey led to a 25% reduction in the average time taken to connect new or altered power connections across approximately 300 roadworks sites. Encouraged by these results, UK Power Networks committed to a 12-month contract to assess the solution’s benefits across other workstreams. The 1Streetworks solution has shown significant potential in transforming the way streetworks are planned and executed.

Paul Dooley, streetworks performance manager at UK Power Networks commented, “Planning streetworks to the high standards we expect takes time and few have tried to revolutionise the process during my 23 years in the sector. So, I’m excited about the potential of 1Streetworks to streamline complex traffic management plans, enable better communication with customers and highway authorities and improve the speed and accuracy of streetworks plans”.

A game-changer

The success of the 1Streetworks solution positions it as a game-changer in the utility sector, potentially setting a new standard for traffic management planning. As UK Power Networks continues to test and implement this technology, it could pave the way for broader adoption across the industry, leading to more efficient, safe and customer-focused utility services.

THE TRAFFIC MANAGEMENT INDUSTRY

“We are delighted that our innovative 1Streetworks application has delivered such fantastic results for UK Power Networks and its customers. We look forward to working with Paul and the team to roll out the software further across the network over the coming months. This has been a key milestone for the Company and a culmination of many years of work and investment. The commercial validation brought by this contract is crucial in driving adoption across the wider industry.

We are encouraged by current discussions with other major operators across multiple industries, who have the same challenges in producing traffic management plans.”

Claire Milverton, CEO of 1Spatial

Trusted by leading organisations

Creating new Spatial databases for Oregon State

What challenge was Oregon State facing?

Oregon State needed two new Spatial Databases to manage Land parcels and Tax data.

The Spatial Land parcel database would be used for matters such as Broadband planning.

The Spatial Tax database would be used to check the validity of the tabular tax data held on the spatial land parcel data e.g. the tabular data may say the land is 1.5 acres, but the parcel data would indicate that the land was 2 acres.

What solution were we able to provide?

We first created a spatial land parcel database for the State. The parcel data that was held by the 36 counties was brought together into one database for the state.

We then created a spatial database based on the State's tax information. Initially, the tabular tax data that was held by the State was in a non-spatial data format. We enhanced the format to create spatial data attributes and integrated this data with the newly created Spatial Land parcel database.

Ongoing Benefits

Oregon State now has a permanent geospatial records for its land parcels and tax assessment data. Through the power of 1DataGateway and 1Integrate, they are able to effortlessly keep both these new databases up to date and quickly identify discrepancies in identical datasets.

It is key to keep the original databases and the new data bases up-to-date and this is done by using 1Integrate's 'Update' feature.

Scaling the NG-9-1-1 opportunity

Implementation and Data Services in Support of Montana's NG-9-1-1 Build-out

Challenge

For over four decades, the Montana State Library ('MSL') managed the State geospatial data infrastructure. Recognising the need for a modern emergency response system, they aimed to implement Next Generation 911 ('NG-9-1-1'). Key challenges included:

- **Legacy infrastructure:** The existing 911 system required an upgrade to support NG-9-1-1 capabilities.
- **Data sharing complexity:** While data sharing existed, a smooth digital process for efficient validation was lacking.
- **Data management autonomy:** MSL sought a solution empowering counties and Public Safety Answering Points ('PSAPs') to manage and follow up on errors in their data rather than the corrections being made by MSL.

Solution

Through a rigorous selection process, MSL chose 1Spatial as their partner for NG-9-1-1 implementation. 1Spatial's Public Safety NG-9-1-1 Enterprise Solution provided:

- **Automated data validation:** The solution automates data validation against the National Emergency Number Association ('NENA') standards, ensuring consistency and accuracy.
- **Self-service validation tools:** Counties and PSAPs gained self-sufficiency with drag-and-drop data upload and detailed reports pinpointing any non-conformities.
- **User training:** Collaborative training sessions by 1Spatial and MSL equipped stakeholders with the knowledge to leverage the new system effectively.

Benefits

The Montana NG-9-1-1 implementation with 1Spatial resulted in several key benefits:

- **Improved data quality:** Automated validation ensures data meets NENA standards, leading to more reliable emergency response services.
- **Increased efficiency:** Drag-and-drop data upload and automated reports streamline data validation, saving valuable time and resources.
- **Empowered local agencies:** Counties and PSAPs are responsible their own data management, fostering a culture of ownership.
- **Standardised data:** Consistent, high-quality data across the state facilitates a more efficient and effective emergency response system.

Future

1Spatial remains committed to keeping the NG-9-1-1 solution updated with the latest NENA standards. Montana will leverage this standardised data as a foundation for its NG-9-1-1 system.

Key takeaways

The Montana State Library's successful NG-9-1-1 implementation with 1Spatial demonstrates the value of:

- **Modern technology:** Investing in advanced solutions streamlines data management and paves the way for improved emergency response.
- **Collaboration:** Partnerships between state agencies and technology providers foster innovation and successful project execution.
- **Data empowerment:** Ensuring local agencies with data ownership fosters a more efficient and responsive emergency response system.

Case Study

Rollout of our Utility Network migration tools

Hunter Water's GIS Transformation Success Story

Hunter Water, a utility company in New South Wales, Australia, embarked on a GIS Transformation Project to enhance its geospatial capabilities. Partnering with 1Spatial, they aimed to migrate their existing GIS data to the ArcGIS Utility Network ('UN') and leverage the latest digital technologies for better visualisation and analysis of their networks and assets.

Key Points:

- **Challenge:** Prior to 1Spatial's involvement, there were significant issues with data quality during migration which caused delays and rework. Errors identified after migration required fixes and retesting.
- **Solution:** 1Spatial provided cloud-based tools (1Spatial Platform) to proactively assess data quality before migration. This significantly reduced errors before the migration process was initiated.
- **Results:**
 - Subnetworks were successfully built across the service area for the first time.
 - Improved data quality allowed seamless migration to the new utility network.
- **Benefits:**
 - Increased operational efficiency, time and cost savings.
 - Reinforced Hunter Water's commitment to service excellence.
 - Proved the concept and allowed the customer to build businesses cases for further geospatial capability enhancement.

Sam De Lore, GIS Lead at Hunter Water, praised the partnership, stating, "The partnership has delivered better-than-expected results. Through our partnership with 1Spatial, we have seen a major improvement to our data quality, migration & validation processes. Prior to the implementation of the 1Spatial tools, we were limited to reactively fixing errors identified by the data migration after it was complete. Initially, this was yielding high error counts impacting testing and the development of critical integrations.

We are now able to assess our source data before, during and after the migration process with the tools designed and configured by the 1Spatial team. Our error count has come down to 0.01%, resulting in the successful build of subnetworks across our service area for the first time."

Continued development of smart partnerships

Strategic Partnership Development and Expansion at 1Spatial

Over the past year, 1Spatial has significantly expanded its strategic partnerships, notably with CGI, RMSI and Esri. These alliances have strengthened 1Spatial's presence in key government frameworks and opened new opportunities across sectors and regions.

Key Developments:

- **Esri Relationship:** Active collaboration with Esri UK in DEFRA, APHA, EA and RPA paves the way for a deeper partnership.
- **Rizing (part of Wipro):** Working together in key US departments such as CalTrans, delivering asset management solutions.
- **CGI Alliance:** Enhanced collaboration with CGI has secured 1Spatial's role in the Home Office and Cabinet Office Frameworks.
- **RMSI Venture:** A successful project in Belgium with RMSI promises further opportunities.

Behind-the-scenes 1Spatial has refined our partner messaging and approach, laying the groundwork for consistent implementation and anticipated benefits.

Anup Jindal, CEO of RMSI, praised the collaboration on Belgium's ORES project, stating, "It has been truly enriching to collaborate with 1Spatial on the ORES project in Belgium to provide data conversion, digitisation and enrichment services for all energies managed at ORES, including electricity, gas, and telecom. Our seamless partnership with 1Spatial was instrumental in securing this win, showcasing our combined expertise and commitment to delivering high-quality solutions. We look forward to continuing our successful collaboration with 1Spatial and delivering impactful outcomes for ORES in Belgium".

Connie Gurchiek, president Geospatial Business Development at Rizing remarked, "1Spatial and Rizing Geospatial have formed a mutually beneficial partnership. 1Spatial's data validation and conflation tools are a perfect addition to many of our ongoing Esri geospatial solution implementation projects. 1Spatial and Rizing work in the same space (mostly DOTs) and have complementary skills. In addition, we have a similar outlook on the importance of strong relationships with our clients, respectful treatment of our employees and a culture of openness and fairness between partners. We are appreciative of 1Spatial's participation in our Caltrans projects and hope to find many other opportunities where we can work together".

1Spatial views partnerships as essential to its future success. With a focus on collaboration, the Company is set to continue its growth and embrace upcoming challenges.

Strategic Framework

OUR STRATEGY

Building a highly scalable business based on our three strategic pillars.

INNOVATION

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

Objectives

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

Progress

- We extended our cloud service offering to multiple global regions, increasing our global customer reach, setting us up for integration into cloud marketplaces.
- 1Integrate v4.0 introduced a brand-new UI, for a smooth user experience and productivity gains.
- Improved ontology and CAD support can now be accessed on our SaaS platform and integrated with our existing 2D and 3D capability to support our new Built Environment customers.
- 1Data Gateway UI enhancements for observability dashboards. Data submissions can now be scheduled, eliminating manual intervention. Auxiliary files support was added, so PDFs, pictures and other forms of data can be supplied, and our language support was extended to add French.
- We released our Utility Network Migration solution. All of Esri's utility customers need to move to a new Utility Network Model. This solution helps to streamline the data migration process, ensuring the efficient transfer of critical information for its operations.
- To further extend our reach into the Esri customer base, we also launched 1Data Gateway for ArcGIS Pro, a revolutionary Data Quality add-in for Esri ArcGIS Pro (Esri's flagship desktop GIS).
- Our 1Streetworks Automated Traffic Management Planning Automation continues to grow in adoption through successful trials.
- We continue to evolve and roll out validation applications to support NG-9-1-1 and Highways Performance Management System projects.

➤ **Read more about our 1Spatial platform on page 18**

FOR GROWTH

CUSTOMER RELATIONSHIPS

Be approachable through customer-guided innovation and market research

Objectives

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

Progress

- The success of our customer focus, combined with ongoing transition to term licensing, can be seen in the growth in Annual Recurring Revenue ('ARR') driven both by new customer wins and expansion of existing customer accounts.
- Significant multi-million-Euro, multi-year contract wins with utility companies across our continental European operations.
- New contract wins for various solutions, including our Next Generation 9-1-1 application, supporting our expansion strategy and growth in the USA (notably in California).
- New contract wins in the UK for a number of our government and quasi-government customers across mainland UK and continental Europe.
- Significant new contract wins in Australia for our 1Integrate product and Utility Network migration tools.

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

SMART PARTNERSHIPS

Be smart in how we work with our partners

Objectives

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

Progress

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

► Read more about our partnerships on page 33

Environmental, Social and Governance

OUR ESG STRATEGY

Our purpose is to help customers make confident and informed decisions by unlocking the value of location data for a safer, smarter and more sustainable world. We are proud to be helping our clients and partners speed up their transitions to Net Zero and jointly find solutions to a more sustainable future for all.

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

We believe that through collaboration and collective action, we can build a more sustainable and equitable future for all. This year, to ensure our employees are provided with a voice in our approach to ESG, the global employee engagement survey asked additional questions focusing on People and Planet.

Using the Gallup People and Planet questions, we focused on ethics, compliance, diversity, equity and inclusion, employee development, wellbeing and environment. Results from the surveys have been promising and we will continue to work on improving results over the next 12 months.

To address certain items that were identified as part of the employee surveys, during FY 2024, we began working with the charity Resurgo on their Spear Programme. The programme is a transformative initiative aimed at tackling youth unemployment. It's designed for individuals aged 16-24 who are not currently in education, employment, or training ("NEET") and provides them with group and one-on-one coaching sessions. These sessions focus on developing a positive mindset and imparting essential skills like CV writing and interview practice, empowering young people with the confidence, motivation and the skills necessary for long-term success in the workforce.

This report serves as a window into our ESG journey, highlighting our efforts to:

- **Protect the environment:** Mitigate climate change, minimise resource consumption and contribute to a healthier planet.
- **Empower our people and communities:** Foster a diverse and inclusive workplace, champion ethical labour practices and invest in social well-being.
- **Uphold ethical and accountable governance:** Maintain strong leadership, transparent decision-making and robust risk management practices.

Within this report, you will find:

- **Our materiality assessment:** A reminder of the materiality assessment undertaken in FY 2023.
- **Our ESG objectives:** A clear articulation of our goals and aspirations across the environmental, social and governance domains.
- **Performance metrics:** Transparent reporting on key ESG indicators that demonstrate our progress and accountability.
- **Looking ahead:** Our vision for the future and how we plan to continuously improve our ESG performance.

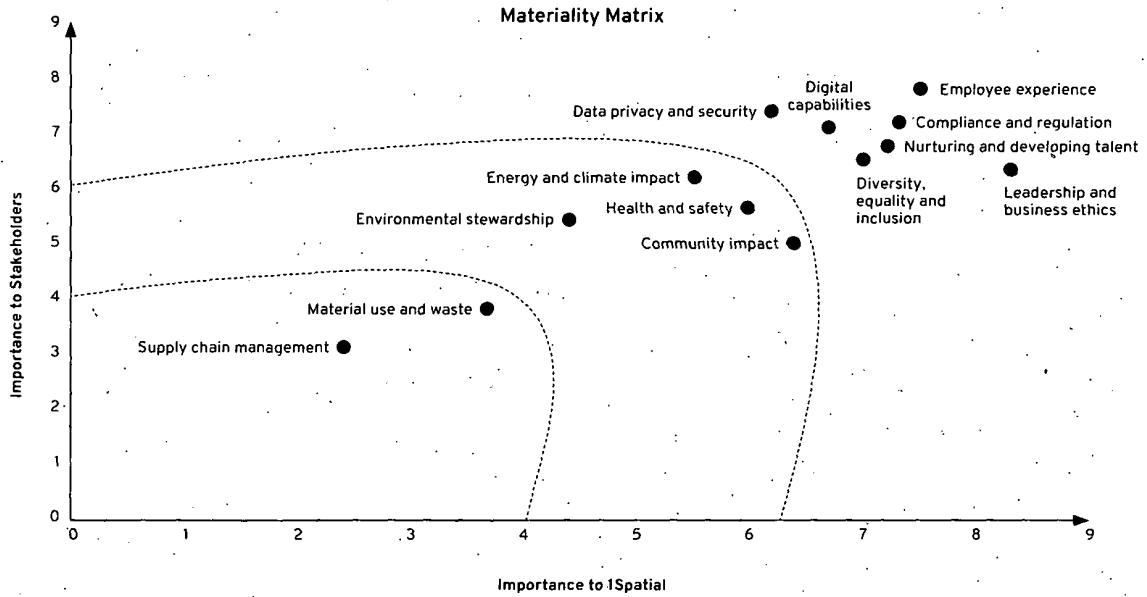
“There has never been a better time for technology and expertise to come together and address the ESG challenges facing businesses today.”

Environmental, Social and Governance continued

Materiality assessment

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

This included gathering information from key leaders, partners, employees, investors and customers; to inform this work and ensure that we are aligning with our strategy, supporting business growth while positively impacting stakeholders. We identified 13 material issues that have been plotted on the below graph by order of importance to either stakeholders or the business. We re-assessed the priorities list in FY 2024 and confirmed that no amendments were required.



The Process

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

The ESG Steering Committee

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

The team comprises:

Ben Crowther, Technical Author

Robert Chell, Chief Product Officer

Stuart Ritchie, Chief Financial Officer

Claire Milverton, Chief Executive Officer

Seb Lessware, Chief Technology Officer

Lianne Tydeman, Group Financial Controller

Gavin Jolley, IT Infrastructure and Environment Manager

Mahima Gupta, UK Head of People

Jessica Sims, Global Head of People

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

Our ESG objectives

The four key pillars underpinning our ESG objectives are consistent with the assessment undertaken last year. These are split into four categories of:

- ▶ PLANET
- ▶ PEOPLE
- ▶ PRODUCTS
- ▶ PRACTICES

Environmental, Social and Governance continued

PLANET EMBRACING

Energy and climate impact

- We will continue our journey to Net Zero, working towards the recommendations of our Carbon Reduction Plan in the UK.
- We will continue to establish short-term carbon reduction initiatives in the UK in FY 2025, rolling this out to other regions over the next year. Actions will include:
 - Moving to a more efficient-sized office within FY 2025. Energy consumption will be a key part of the discussion on selecting the new premises.
 - Reducing hardware on site.
- We will develop a strategy to address, reduce and compensate for our unavoidable emissions.
- We will continue to improve procedures that allow us to record and analyse better carbon data on purchases and expenses.
- We will maintain the UK EMS with a focus on legislative compliance.
- We will continue to improve processes on environmental data gathering to support Scopes 1, 2 and 3.

Our progress so far

Carbon inventory

A carbon inventory is a collection of all sources of carbon the entity produces or is responsible for in the process of conducting its operations. The primary metric is carbon dioxide equivalent (CO₂e). Emissions are broken down into three categories, per the Greenhouse Gas ('GHG') Protocol.

Scope 1:

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

Scope 2:

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

Our baseline carbon emissions

ISpatial's new UK baseline Carbon Reduction Plan was published in September 2023 to comply with the UK Government Procurement Policy Note 06/21 and sets out our commitment to achieving Net Zero emissions by 2050. Note: The Carbon Reduction Plan includes additional sub-categories from Scope 3, in line with PPN 06/21.

Environmental stewardship

- We will roll out our detailed action plan on how we can achieve 100% awareness organisation-wide about our ESG strategy and associated carbon reduction group efforts.
- We will create and roll out stakeholder engagement plans for critical suppliers, employees and Company leadership.
- We will implement sustainability champions within the business to drive awareness of our initiatives and develop new ones.
- We will run Lunch & Learn sessions with employees to improve knowledge on sustainability and encourage new ideas through workshops.

Material use and waste

- We will re-enforce awareness around waste reduction and recycling across all our offices globally in FY 2025.
- We will maintain compliance with ISO 14001-2015 (the environmental management standard) and relevant compliance obligations in the UK.

Scope 3:

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

The following guidelines were used:

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

Carbon Reduction: Projected vs. Actual

OUR RESPONSIBILITY

Our New UK Baseline Carbon Emissions – FY 2023 (PPN 06/21)

In accordance with our Carbon Reduction Plan, UK baseline emissions in the financial year of 1 February 2022 to 31 January 2023 were 744.7 tCO₂e. We have recalculated and reset our baseline for 2023 as this now includes all significant Scope 3 emissions. Our baseline calculation includes:

Scope 1:

- Direct Emissions.

Scope 2:

- Indirect Emissions.

Scope 3:

- Categories: 1: Purchased goods and services; 2: Capital goods; 3: Fuel and energy-related activities; 4: Upstream transportation & distribution; 5: Waste generated in operations; 6: Business travel/hotel stays; 7: Employee commuting/teleworking; 8: Upstream leased assets.

Our baseline deviates from the requirements under PPN 06/21 as follows:

- Category 9: Downstream transportation & distribution: is not included as we do not sell or transport any goods to our customers.
- Category 1: Purchased goods and services: is included for completeness. Scope 3: Category 2: Capital goods: is included for completeness. Scope 3: Category 3: Fuel and energy-related activities: is included for completeness. Scope 3: Category 8: Upstream leased assets: is included for completeness.

In order to continue our progress to achieving Net Zero, we have adopted carbon reduction targets. We project that the intensity of our carbon emissions across all scopes will decrease over the next ten years from 6.1 tCO₂e/FTE to 3 tCO₂e/FTE by 2033. This is a reduction of 51.6%.

SECR Third year of reporting – FY 2024

We undertook our SECR assessment for the period 1 February 2023 to 31 January 2024, the results of which can be found in the table on the next page.

Our Scope 1 direct and Scope 3 indirect emissions (combustion of natural gas and transportation fuels) for this reporting year are 14.99 tCO₂e, resulting from the direct combustion of 65,480 kWh of fuel. This represents a carbon reduction of 10.56% from last year ending January 2023 (Figure 1, page 43).

Scope 2 indirect emissions (purchased electricity) for this reporting year are 29.67 tCO₂e, resulting from the consumption of 143,299 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 8.11% from last year ending January 2023 (Figure 1, page 43).

Our operations have an intensity metric of 0.36 tCO₂e per full-time employee for this reporting year. This represents a reduction in the operational carbon

Progress on other actions

We monitored our carbon inventory and began data collection for other regions such as the US and France, as well as undertaking a full Scope 3 assessment and Net Zero action plan and roadmap for our UK operations and value chain in FY 2024.

- We contributed to environmental projects through a donation to environmental charity The Wildlife Trust following our Smarter Data, Smarter World event.
- We developed a sustainable travel policy globally which is now in place.
- We created awareness about waste reduction and recycling across all our offices globally in FY 2024. We developed a new waste policy which is now in place.
- We maintained compliance with ISO:14001-2015 (the environmental management standard) and relevant compliance obligations in the UK. Following a successful audit, we continue to be certified to ISO:14001 with no outstanding non-conformance.
- We undertook a Scope 3 carbon emissions analysis of our UK operations and value chain for the FY 2022/2023.
- We reported market-based emissions factors voluntarily.
- In terms of short-term carbon reduction measures, The Crown Estate funded energy saving works on the head office building in the UK, which included:
 - Installing PIR sensors on toilet lights.
 - Removing gas radiators in toilets and atrium and replacing them with electric heaters.
 - Reducing the temperature in common areas by one degree.
 - Replaced the water heater, in the plant room to a more energy-efficient electric one.

For further details, see the SECR report details on the next page.

From the previous reporting year, the UK Head office has seen:

48.08%

8.11%

decrease in electricity emissions

Environmental, Social and Governance continued

Secr report – streamlined energy and carbon reporting
1Spatial plc FY 2023/24 Total Energy Consumption (kWh)

Utility and Scope	FY 2023/24 Consumption kWh	FY 2022/23 Consumption kWh
Scope 1 Total	6,486	10,077
Gaseous and Other Fuels (Scope 1)	1,479	2,861
Transportation (Scope 1)	5,007	7,216
Scope 2 Total	143,299	166,959
Grid-Supplied Electricity (Scope 2)	143,299	166,959
Scope 3 Total	58,994	61,922
Transportation (Scope 3)	58,994	61,922
Total*	208,779	238,957

1Spatial plc FY 2023/24 Total Location-based Emissions (tCO₂e)

Utility and Scope	FY 2023/24 Consumption tCO ₂ e	FY 2022/23 Consumption tCO ₂ e
Scope 1 Total	1.47	2.26
Gaseous and Other Fuels (Scope 1)	0.27	0.52
Transportation (Scope 1)	1.20	1.74
Scope 2 Total	29.67	32.29
Grid-Supplied Electricity (Scope 2)	29.67	32.29
Scope 3 Total	13.52	14.50
Transportation (Scope 3)	13.52	14.50
Total	44.66	49.04

1Spatial plc Total Emissions Intensity Metric

Utility and scope	Location-based tCO ₂ e	
	2023	% Change
All Scopes tCO ₂ e per Full-Time Employee	0.36	-11.38%

1Spatial dual-report on location-based and market-based emissions factors. The market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. 1Spatial's electricity supplies are contracted with Opus Energy who supply 100% REGO backed renewable energy, which has a factor of 0 tCO₂e. Total market-based emissions are reported in Table 6.

Table 6: 1Spatial plc Total Market-Based* Emissions (tCO₂e)

Utility and Scope	FY 2023/24 Consumption tCO ₂ e	FY 2022/23 Consumption tCO ₂ e
Grid-Supplied Electricity (Scope 2)	0.00	N/A**
Total Scope 2	0.00	N/A**

* Market-based emissions are reported in tCO₂e only, and reflect the specific emissions associated with a REGO-backed electricity contract.

** Market-based emissions were not reported in the prior year. As such there are no figures available for comparison.

Figure 1: Scope 1, 2 and 3 emissions (tCO₂e) this reporting period vs the previous reporting period

Reduction Highlights

- Natural gas emissions have decreased by 48.08% from the previous reporting year due to energy savings by gas heating being turned off by facilities management halfway through the year and supply subsequently cut.
- Electricity emissions have decreased by 8.11% due to moving to cloud computing which has seen a reduction in physical hardware. The supply of laptops for hybrid working has also seen a reduction in desktop computers in the office.
- Transport emissions have decreased by 9.36% due to the reduced use in company cars with more focus on remote calls and public transport. Remote workers are also less likely to utilise office-based company pool car.

Reporting Methodology

This report (including the Scope 1, 2 and 3 consumption and CO₂e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for the reporting period 01/02/2023–31/01/2024.

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

Market-based emissions have been calculated for the first time in FY 2023/24. The market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. ISpatial's electricity supplies are contracted with Opus Energy who supply 100% REGO backed renewable energy, which has a factor of 0 tCO₂e.

Intensity metrics have been calculated using total tCO₂e figures and the selected performance indicator agreed with ISpatial plc for the relevant report period:

Employee number

3.3% increase

2023 - 126

2022 - 122

PEOPLE PASSIONATE ABOUT

Diversity, Equity and Inclusion

- Provide a diverse and inclusive working culture for all which includes:
 - Fair pay for all staff.
 - Health and wellbeing support to promote the mental, physical and financial wellbeing of all of our employees.
 - Roll out Mental Health Wellbeing Teams globally.
 - Focus on women's health, adding additional support and Company training.
- Maintain a 30% target for women in leadership roles over a three-year period.

Employee experience

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

Nurturing and developing talent

- Establish formal learning and development plans for at least 80% of employees in FY 2025.
- Assess and encourage positive relationships between both line managers and peers through regular check-ins and employee feedback.
- Offer relevant training opportunities to all employees.

Community impact

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

MAKING A DIFFERENCE IN THE WORLD

Our progress so far

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

We continue to make improvements to the gender representation on our leadership team. We are proud to report that women currently make up 36%.

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

We are honoured to be named as one of the Global Top 100 Geospatial Companies by Geoawesomeness. We are also excited to announce that, thanks to the hard work and dedication of our team, we have made this list for the third year in a row.

We strive to create a culture where our employees feel engaged and motivated. Our ability to recruit and retain key staff is critical to delivering on our strategy.

We have appointed a dedicated recruitment team to help source highly skilled individuals to our key offices, and this year we undertook a global employee benefits assessment review with participation of 83%. This is slightly behind our target but we will aim to increase participation in FY 2025. In addition, we implemented a new recruitment platform and updated the careers section on our UK website to support the team in securing candidates for specific roles.

We continue to identify employee needs and craft appropriate solutions to meet global and regional expectations. October was our global wellbeing month. We offered all employees globally the chance to volunteer in their local community. The UK office volunteered at Milton Country Park, a local park close to our Cambridge HQ. Our employees helped complete the new playground area, hedge cutting and spreading grass seed. We also provided seminars to employees on men's mental health and general mental health awareness, plus a personalised viewpoint from one of our team.

Mental health awareness has been a key focus across the globe. Both our UK and Australian offices have implemented an Employee Assistance Programme. In the UK we now have a group of Mental Health Champions and First Aiders, promoting the improvement of mental health across the organisation.

PRODUCTS DELIVERING EFFICIENCIES

Digital capabilities

- Continue to evolve our suite of products in collaboration with our customers to differentiate our offering from our competitors and attract new customers.
- Take a 'cloud first' approach to product development, including deployment options via SaaS.
- Simplify and minimise data-handling to avoid unnecessary data usage which can slow systems down, adds no value to the data, introduces extra cost and energy consumption. Formalise a process in our integrated management system.
- Maintain 'privacy and security by design' in our products. Carry out penetration testing of all SaaS products where required and follow recommendations.

AND CONFIDENCE IN DATA

Our progress so far

- We launched the major release of our flagship 1Integrate, version 4.0. This update introduced a brand-new user interface, expertly reworked for a smooth user experience and huge productivity gains. The interface was redesigned in close collaboration with users, making it much more dynamic and intuitive. Our product documentation was also improved to offer a self-service/online training portal, which also minimises the need for in-person training and travel of our instructors.
- We have taken a 'cloud first' approach to product development, including deployment options via SaaS, delivering computer power in a serverless way, to allow more control over energy consumption through executing automation processes on demand. By offering secure, reliable, and resilient cloud services, we shift the geospatial industry away from the current paradigm of smaller, less-efficient self-managed datacentres (whereby use of renewable energy is far from guaranteed) towards centralised, cleaner, more efficient sources of computing power.
- 1Spatial utilises Microsoft Azure for all cloud computing needs. This decision factors in Microsoft Azure's service history and feature offering, but more importantly, their commitment towards environmental sustainability. In particular, Microsoft's commitment for Azure towards use of 100% renewable energy by 2025, water positivity by 2030, and zero-waste certification by 2030 is of significant importance for 1Spatial's ESG commitments.
- Alongside this we have simplified and minimised data-handling to avoid unnecessary data usage which can slow systems down, adds no value to the data, introduces extra cost and energy consumption.
- Our SaaS Business Applications 1Integrate, 1Streetworks and 1Data Gateway have undertaken Penetration Testing to ensure we follow 'privacy and security by design' in our products.

PRACTICES COMMITTED TO

Data privacy and security

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

Compliance and regulation

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

Health and safety

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

Leadership and business ethics

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

Supply chain management

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

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

ACCOUNTABILITY AND TRANSPARENCY

Our progress so far

- Last year we launched a Company Code of Conduct and revised our supplier standards to contribute to achieving our ESG objectives. We continue to focus on the importance of data privacy and cyber security, with staff awareness programmes managed and monitored regularly.
- Our UK operations have recently been ISO 27001:2022 accredited with a rollout to other locations planned in the short to medium term.
- We launched our new supplier assessment process during the financial year, which will request details on information security, supply chain management and environmental impacts. We will also ensure suppliers sign our code of business conduct and confirm compliance with the relevant legislation. Moreover, we publish specific policy statements for different areas such as anti-bribery, public interest disclosure (whistleblowing), Modern Slavery Act, equality and diversity, environmental management, quality management and health and safety. For more information see: <https://1spatial.com/legal>.
- All employees have now completed the cyber security awareness training. We will continue to monitor this as it is a significant priority in view of the global cyber security environment.

DELIVERING DOUBLE-DIGIT GROWTH

Adjusted EBITDA

£5.5m

2023: £5.0m

▲ 10%

Adjusted EBITDA margin (%)

17.0%

2023: 16.7%

▲ 0.3pp

Operating profit

£1.4m

2023: £1.3m

▲ 8%

“Group revenue increased by 8% to £32.3m from £30.0m in FY 2023.”

In FY 2024 the Group delivered solid growth in annual revenues with double digit growth in both recurring revenues and adjusted EBITDA.

In spite of inflationary cost increases, we recorded an 8% increase in operating profit and a 10% increase in profit before tax. Increases in these key financial metrics have allowed the Group to continue to invest resources into our SaaS businesses and cloud platform.

Revenue

Group revenue increased by 8% to £32.3 million from £30.0 million in FY 2023.

Recurring revenue

The business strategy is to grow revenue from repeatable business solutions on long-term contracts by increasing sales of term licences (rather than one-off perpetual licences) and increasing the proportion of recurring revenue compared to services. As a result, excluding the impact of the reduction in perpetual licence revenue, the business achieved a year-on-year growth in total revenue of 9%. Recurring revenue, as a percentage of total revenue, increased to 56% (FY 2023: 49%).

Revenue by type is shown below:

Revenue by type	FY 2024 £m	FY 2023 £m	% change
Recurring revenue	18.11	14.76	23%
Services	12.93	13.60	(5%)
Revenue (excluding perpetual licences)	31.04	28.36	9%
Perpetual licences	1.27	1.64	(23%)
Total revenue	32.31	30.00	8%
Percentage of recurring revenue	56%	49%	

IN RECURRING REVENUES AND ADJUSTED EBITDA

Profit before tax

£1.1m

2023: £1.0m

▲ 10%

Earnings per share – basic/diluted

£1.1m / £1.0m

2023: £1.0m / £0.9m (basic and diluted restated)

▲ 10% / 11%

Net cash

£1.1m

2023: £3.1m

▼ 65%

Annualised Recurring Revenue

The Annualised Recurring Revenue ('ARR') increased by 9% from £15.8 million to £17.2 million as at 31 January 2024 with ARR attributable to term licences growing by £2.1 million. The overall renewal rate for existing customers under contract decreased marginally to 93% (FY 2023: 94%) which still provides a strong platform for the current year.

Committed revenue

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

ARR by region	FY 2024 £m	FY 2023 £m	% growth
UK/Ireland	7.24	6.51	11%
Europe	5.63	5.49	3%
US	2.54	2.22	14%
Australia	1.80	1.56	15%
Total ARR	17.21	15.78	9%

Stuart Ritchie
CHIEF FINANCIAL OFFICER

CFO's Review continued

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

Regional revenue

Regional revenue – point of origin	FY 2024 £m	FY 2023 £m	% change
UK/Ireland	13.25	11.92	11%
Europe	11.03	11.01	0%
US	4.71	4.30	10%
Australia	3.32	2.77	20%
Total revenue	32.31	30.00	8%

All operating regions recorded double-digit growth with the exception of Europe resulting in overall revenue growth of 8%. Revenue growth in the UK/Ireland and the US was driven by significant in year term licence sales to new and existing customers. In Australia, despite competitive pricing pressure, revenue grew by 20% and included our first Integrate licence sale in the territory. In Europe, revenue was impacted by the timing of closing contracts towards the end of the year. Although revenue was flat, the European operation successfully signed two significant multi-year contracts during FY 2024 with expected revenues of approximately €7.1 million to be recognised over the life of the contract. These wins give clear visibility of revenue into FY 2025 and beyond. Going forward, all regions will continue to focus on increasing term licence sales of proprietary technology and SaaS solutions.

Gross profit margin

The gross margin grew by 15% in value terms and by 3% compared to the prior year to a level of 55%. The Board approved expenditure increases in sales and delivery capacity in order to secure higher value contracts; and increased spending on R&D, which is included within the cost of sales, is expected to yield higher gross margins in future years. The in-year cost increases have been more than offset by increases in levels of recurring revenue which have had a positive impact on gross profit. Going forward, the management team will continue to focus on driving improvements to gross margin through revenue growth of higher margin term licences and SaaS solutions.

Adjusted EBITDA

The adjusted EBITDA increased by 10% to £5.5 million from £5.0 million in the prior year resulting in an increase in adjusted EBITDA margin to 17.0% (FY 2023: 16.7%). Inflationary cost increases have been more than offset by increases in levels of recurring revenue. Cost management remains an important focus and expenses are constantly reviewed to ensure the level is appropriate for the structure of the business during this growth phase.

Strategic, integration and other non-recurring items

Costs amounting to £0.7 million relate primarily to the restructuring of the European business during the year, which is expected to result in approximately £1 million of cash savings on an annualised basis.

Operating profit and profit before tax

The Group achieved an operating profit of £1.4 million (FY 2023: £1.3 million) and profit before tax of £1.1 million (FY 2023: £1.0 million), representing a further year of improved profitability for the Group at an operating and profit before tax level. The increase in gross profit was largely offset by increased headcount costs, amortisation charges, strategic items, interest charges and adverse FX movements resulting in a profit before tax figure consistent with the prior year.

Taxation

The net tax credit for the period was £123k (FY 2023: £14k).

Balance sheet

The Group's net assets increased to £18.3 million at 31 January 2024 (2023: £17.4 million), mainly due to the overall profit after tax adjusted for currency differences in reserves.

Trade and other receivables decreased in the year to £12.8 million (FY 2023: £14.2 million), mainly due to increased levels of receivable collections around year end. Trade and other payables decreased in the year to £14.0 million (FY 2023: £15.8 million) due primarily to the timing of payments around year end.

Cash flow

Operating cash inflow before strategic, integration and other non-recurring items was slightly lower than the prior year, at £5.3 million due to adverse working capital movements resulting from the timing of payments around year-end with receipts of £0.7 million immediately post year end. As a result, free cash flow declined by approximately £2.0 million due to:

- £1.4 million increased investment in R&D as the Group focusses on transition to enterprise/SaaS.
- £0.6 million increase in strategic, integration and other non-recurring items from European restructuring which is one off and will realise annualised savings of €1 million.
- £0.1 million increased interest costs from RCF drawn down used to fund R&D and restructuring costs.

The level of R&D spend for FY 2024 is expected to decrease in FY 2025 by approximately £0.5 million with further reductions expected in future years as we continue to rationalise our product portfolio.

	FY 2024 £'000	FY 2023 £'000
Operating cash flow		
Cash generated from operations	4,618	5,352
Add back: Cash flow on strategic, integration and other non-recurring items	667	48
Cash generated from operations before strategic, integration and other non-recurring items	5,285	5,400
	FY 2023 £'000	FY 2022 £'000
Free cash flow		
Cash generated from operations before strategic, integration and other non-recurring items	5,285	5,400
Expenditure on product development and intellectual property capitalised	(5,295)	(3,854)
Lease payments	(948)	(1,099)
Net interest paid	(355)	(210)
Net tax received	140	179
Purchase of property, plant and equipment	(67)	(163)
Free cash flow before strategic, integration and other non-recurring items	(1,240)	253
Cash flow on strategic, integration and other non-recurring items	(667)	(48)
Free cash flow (outflow)	(1,907)	205

CFO's Review continued

Investment in R&D

Development costs capitalised in the year increased to £5.3 million (FY 2023 £3.9 million) as the business has increased its investment in its technology and business solutions. The key areas where spending increased were on the cloud platform for solutions such as 1Streetworks in the UK and NG-9-1-1 in the US, and other technology such as 1Integrate, 1Data Gateway, 1Telecomms and 1Water. Amortisation of development costs was £2.0 million (FY 2023 £1.6 million).

Financing

The Group's financial position is supported by long-term bank loans, specifically a committed Revolving Credit Facility in the UK by 1Spatial plc ('RCF') and bank loans taken out by 1Spatial France during the COVID-19 pandemic ('French bank loans'). The RCF was put in place in June 2022 in response to an increase in the number of higher value sales contracts that the Group was entering into. The RCF is a £3 million three-year committed facility priced on competitive terms. The French bank loans were taken out in 2020 in response to the COVID-19 pandemic and will be repaid over the next three years.

Alternative Performance Measures

Throughout this Annual Report, certain analyses include Alternative Performance Measures ('APMs') which are not defined by generally accepted accounting principles ('GAAP') as defined under UK-adopted international accounting standards or other generally accepted accounting principles. We believe this information, along with comparable GAAP measurements, is useful to investors because it provides a basis for measuring our operating performance. Our management and Board of Directors uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, we provide reconciliation to relevant GAAP measures. Reconciliations are provided in note 2 to the consolidated financial statements on page 94.

APMs have been provided for the following reasons:

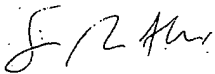
- to present users of the Annual Report with a clear view of what we consider to be the results of our underlying operations, aiding the understanding of management analysts and enabling consistent comparisons over time; and
- to provide additional information to users of the Annual Report about our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

At the end of January 2024, the remaining principal balance outstanding on the Group's loans was £3.2 million (FY 2023: £2.0 million), with £1.9 million relating to the RCF and £1.3 million relating to the French bank loans. The amount repayable in FY 2025 is approximately £0.7 million (FY 2023: £0.7 million). In year investments made in the sales and product development functions continue to lay a strong foundation for future performance. Combined with the European restructuring and focus on a more discrete product portfolio, we have the resources to continue to grow. With a gross cash position of £4.3 million at 31 January 2024 (FY 2023: £5.0 million), undrawn liquidity on the committed RCF of £1.1 million, a growing adjusted EBITDA and positive operating cash generation, the business is in a healthy financial position, which gives the Board the confidence to continue to invest.

The following APMs appear in this Annual Report.

#	APM	Explanation of APM
1	Recurring revenue (s)	Recurring revenue is the value of committed recurring contracts for term licences and support & maintenance recorded in the year.
2	Annualised recurring revenue ('ARR')	Annualised recurring revenue ('ARR') is the annualised value at the year-end of committed recurring contracts for term licences and support and maintenance.
3	Adjusted EBITDA	Adjusted EBITDA is a company-specific measure which is calculated as operating profit/ (loss) before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charge and strategic, integration and other non-recurring items.
4	Operating cash flow	Operating cash flow is a company-specific measure which is calculated as cash generated from operations excluding cash flow on strategic, integration and other non-recurring items.
5	Free cash flow	Free cash flow is cash from operations after deducting cash outflows for interest, capital expenditure and lease payments.
6	Net cash	Net cash is gross cash less bank borrowings.
7	Available liquidity	Available liquidity is the Group's gross cash balances less the undrawn element of the Group's revolving credit facility. Details of the revolving credit facility is more fully described in note 1.1 to the consolidated financial statements.

Stuart Ritchie
 CHIEF FINANCIAL OFFICER
 23 April 2024



Principal Risks and Uncertainties

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

Principal risk	Potential impact	Mitigation and controls
Macro-economic or political changes (e.g. escalation of global conflicts) and impact on customers and operations	Uncertainty across global markets, caused by conflicts in Ukraine and Palestine, has led to sustained increases in energy prices, levels of inflation and interest rates. Companies and government agencies are consequently under more pressure to reduce spending budgets. New projects may require a more robust business case before investing in technology and services which could impact or lengthen deal sales cycles and reduce deal size.	We have seen global levels of inflation peak over the last year and there are signs that these are now reducing with expected reductions to interest rates potentially following. These macro-economic risks may however provide an opportunity for ISpatial. Fiscal stimuli in major economies and the green agenda may provide a cushion to these risks. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' total costs in the long run. The Group is also mitigating this risk by looking to diversify the industry sectors and geographies in which it operates.
Key management and employees may leave the business	There is a risk that key management and employees leave the business, having a detrimental effect on the operations of the business.	<p>In order to mitigate this risk, the Group aims to create a rewarding working environment that will help retain staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation.</p> <p>The Group has an established employee share plan which key employees participate in. Further awards are planned in future years to incentivise management and employees. This is part of the reward structure to deliver long-term value and align the interests of key people with those of the Company's shareholders.</p> <p>We continuously monitor and seek feedback on our employees' workplace health and wellbeing including mental health. As described in the People Report on page 8, we conduct regular office-based events to foster engagement with our staff and encourage our people to participate in anonymous surveys to enable the organisation to continuously improve as an employer.</p>
Reliance on key customers	<p>The Group has traditionally had some client concentration and over reliance on certain key customers. There is a risk with this narrow approach that disruption within one or two clients can have an adverse effect on overall Group performance.</p> <p>There are also risks that arise from signing higher value contracts and managing the relationship with customers through partners on larger projects, as well as managing the recruitment of additional resources, project scope and ensuring profitable delivery.</p>	<p>The Group continues to invest in its relationships with key customers that it has successfully retained over many years, while also maintaining a strategy to extend and diversify its customer base. The shift to subscription-based (term licence) revenues from perpetual licences across the Group will also reduce the financial impact of peaks and troughs that can occur with any individual key customer project delays.</p> <p>We continue to invest in the relationships with our key partners, which we see as core to our growth strategy. As part of this we have recruited a global partner manager to focus on managing our key relationships in a more professional way. Each country manager is responsible for managing our project delivery and exploring ways that we can improve our project management.</p> <p>As recurring revenue from term licences increases, the percentage of annual revenue that is at risk from any disruption from key customers will be reduced.</p>

Principal risk	Potential impact	Mitigation and controls
Growth management	<p>The Group is focused on revenue growth – both organically, through the launch of new SaaS solutions and potentially through acquisitions – to increase our market reach in the geographies that we currently operate in, as well as the solutions that we offer in those geographies.</p> <p>Organic growth If the Group is unable to manage expansion effectively, its business and financial results could suffer. There are potential risks to achieving revenue growth from competitors with open system offerings and similar solutions. There are also greater challenges arising from managing larger, longer-term complex projects.</p> <p>Growth from sale of new SaaS solutions Over the last number of years, we have devoted investment and resources to developing our SaaS offering, primarily the IStreetworks and NG-9-1-1 products. As these products are new and unique in a very traditional industry and despite the go-to-market strategy that has commenced, there is a risk that the target revenue and cash flows we generate could be delayed as the customer utilisation is established and it is embedded into their operations.</p> <p>Inorganic growth The risks associated with inorganic growth include the delivery of market penetration through the integration of the acquisitions, conversion of leads to sales, and control of increases in fixed operating costs to support revenue growth.</p>	<p>The business development strategy is closely monitored by the senior team and the Group's pipeline of opportunities is regularly reviewed at sales and Board meetings.</p> <p>The investment in core solutions together with the development of new business applications, particularly those delivered through the cloud, will enable the Group to scale more rapidly. The risk is of poor project management and overruns through dedicated professional services managers across our key geographies. Their remit includes improving management of project delivery and services financial performance.</p> <p>We believe there is a significant market opportunity in these areas and limited competition. As a result of significant investment in the current year, these products are now substantially complete.</p> <p>We have signed a milestone deal with a leading DNO and several more trials are underway and the pipeline for future sales is strong. We have sufficient liquidity to manage the business in the event that sales and cash flow are delayed.</p> <p>The successful integration of any acquisition is a key Board priority to ensure that it brings the required synergies and benefits to the Group. The Group conducts rigorous due diligence as part of any potential acquisition to ensure financial, operational and technological aspects are understood.</p>
A major technology failure may adversely disrupt operations	Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure could seriously disrupt operations, including the provision of customer services, and result in a decline in revenues.	The Group continues to invest in resources to enhance site resilience and defences, improving network monitoring and reviewing the incident response processes to mitigate the impact of a security breach. Our UK operations are now ISO 27001:2022 accredited with a further rollout across other territories planned in the medium term.
A data breach may adversely impact operations and damage business reputation	Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure could result in the loss or misuse of sensitive information, including client data. Legal or regulatory breaches could result in potential liability, and reputational damage, among the customer base leading to a decline in revenues as well as significant penalties or fines.	<p>The Group continues to invest in technical and security resources and regularly reviews its information security policies and procedures to ensure it reduces the risk, and mitigates the impact, of any potential data security breach.</p> <p>The Group has ISO 9001 (QMS Quality Management System Certification) accreditation in some countries. Our UK operations are now ISO 27001:2022 accredited with a further rollout across other territories planned in the medium term.</p>

Principal Risks and Uncertainties continued

Principal risk	Potential impact	Mitigation and controls
Reliance on key software partners	The Group works with key partners in each geospatial market to provide customers with software and services. Our software tools can be bought stand-alone or within our partners' platforms. The Group therefore has reliance on maintaining good relationships with key partners to provide software and services to customers. There is a risk that these partners may have application software issues that impact 1Spatial's ability to deliver projects on time and to budget.	<p>The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year.</p> <p>Escalation routes are established to ensure any issues can be mutually resolved quickly.</p> <p>The management team works with each partner to identify points of collaboration to achieve, wherever possible, a win for both companies.</p>
Loss of intellectual property	Failure to protect the Group's intellectual property may result in another party using its proprietary technology without authorisation.	The Group's intellectual property is protected in the USA and the UK by a patent. The source code for all 1Spatial software is securely stored and backed-up in Atlassian's BitBucket, a leading industry-standard cloud-based source code repository system. In order to minimise the disclosure of intellectual property outside the organisation, the Group relies on confidentiality agreements with its employees, customers, suppliers, consultants and others to protect its intellectual property rights. These are backed up with strict operational IT policies for user offboarding which are audited and compliant with ISO 9001 and Cyber Essentials Plus.
Managing inflationary cost pressures	As the risk of increasing inflation (and indeed, potential stagflation) affects our costs, primarily salary costs of our workforce, there is a risk that the Group's profitability will suffer.	<p>In order to minimise inflationary risks to profitability, we have reviewed all our charge-out rates for consultants, country by country, as well as product and solution prices and applied increases accordingly.</p> <p>Where applicable, we have amended sales contract terms to ensure inclusion of appropriate RPI increases. We have undertaken salary benchmark reviews in order to ensure that we continue to pay competitively.</p> <p>Where we have core software solutions that we use to support the business, we have sought to lock in prices on a longer-term contract basis, where it makes commercial sense to do so.</p> <p>We have restructured the European business which will lead to annualised cash savings of approximately €1 million.</p>

Principal risk	Potential impact	Mitigation and controls
A further pandemic (e.g. COVID-19) disrupts business operations	While the impact of COVID-19 was far less severe this year than in the previous two years, the impact of further lockdowns and extended social distancing restrictions that may result as a consequence of another global pandemic, could have an impact on the ability of employees to deliver services and support to customers. It could also impact our ability to generate new business, given the limited ability to host physical user events for our customers and attend industry exhibitions and events. A continued or new future lock-down of customer offices may reduce our ability to carry out our consulting services and delay or reduce income during these restrictions.	We successfully facilitated a move to remote working across all our sites in March 2020, enabling the Board to function and management teams and staff to maintain engagement with our customers and key stakeholders. In the last three financial years we successfully continued to evolve a hybrid approach to operations and client delivery. While the majority of events are now in-person, we continue to provide our customers with user events on a virtual basis where necessary through webinars and attending events and exhibitions on a virtual basis.
Currency fluctuation	As an international Group, with revenue and costs in foreign currencies, the financial results are exposed to currency movements, predominantly US\$ and EUR.	The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies. There is a high degree of natural hedging of revenues with costs in overseas operations. Any residual currency exposure is managed by using spot and forward currency contracts to offset that risk as soon as the currency exposure is known with reasonable certainty.

Section 172 Statement

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

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

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

The likely consequences of any decisions in the long term

The Board has three strategic growth pillars for FY 2024 and beyond, which are: innovation, customer relationships and smart partnerships. These pillars reflect the need to consider the interests of our staff and the need to keep pace with market initiatives and technological changes, so the business is appropriately positioned to take best advantage of market conditions. The strategic pillars are cascaded down to all the entities and individuals within the business through our Global Business Objectives Setting process, our monthly Global Management Meetings, and regular financial reporting processes.

The interests of our employees

Engaged, enabled, empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We employ and develop high calibre staff and we maintain oversight of their performance through performance review processes and personal development programmes. We actively support equality, diversity and inclusivity and we do as much as we can to ensure a positive environment for health and wellbeing.

We offer appropriate levels of remuneration which we benchmark using professional advisers and market surveys. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged. During the year, staff surveys were carried out in each region to assess employees' wellbeing. Matters covered included health and safety, working at home, ensuring that employees felt supported and opinions around returning to the workplace. During this year we continued to operate lots of wellbeing activities, which focused on promoting mental and physical health. With a significant number of employees and contractors still working remotely, to maintain mental health and connectedness, staff have had access to wellbeing resources, and regularly meet online to support each other through participation in weekly social activities.

Building and sustaining a positive corporate culture across the Group

The Board gives active consideration on an ongoing basis to how we demonstrate the positive corporate culture and conduct at 1Spatial. These matters are important as they affect all stakeholders. The Board recognises that determining and embedding a high standard of corporate culture within the business is essential to ensure the Group preserves and maintains its long-established reputation for high standards of business conduct, and also to ensure the business remains sustainable, maximising any competitive advantage this provides over the longer term and building value for shareholders. We recently established our new values We Respect, We Innovate, We Collaborate, We Trust and We Care and we continue to encourage staff to embrace them in everything they do.

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

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

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

The impact of the Group's operations on the community

1Spatial is a responsible member of its global and local community as it reflects our culture and matters to our staff and local community. 1Spatial has a strong culture of supporting staff in both individual and group volunteering and fundraising initiatives. To maintain direction and drive momentum our senior team coordinates corporate social responsibility activities within the Group. Each year, our staff volunteer their time, energy and skills for projects that support global good causes.

Two such initiatives are Missing Maps, a project to map the most crisis-prone parts of the world and Map Action, a project to create maps in countries affected by war and other crises (such as Ukraine, Turkey and Syria). Our staff also support schemes that give something back to our local community, for example food banks and homeless charities.

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

The impact of the Group's operations on the environment

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

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

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

ISpatial seeks to achieve and maintain a reputation for demonstrating a high standard of business conduct as this has a positive impact on interactions with utility firms and governmental bodies in particular.

In several territories we comply with ISO 9001 Quality Management certification to provide the framework and guidance to ensure that we consistently meet our customers' expectations and regulatory requirements. Additionally, as part of our ongoing commitment to robust information security management, our UK operations recently received ISO 27001:2022 accreditation. We plan to expand our compliance footprint in the future.

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

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

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

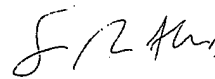
Material decisions impacting stakeholders which took place in the year ended 31 January 2024

Material decisions taken during the year included the decision to increase investment in our SaaS based product offering comprising development, sales and support functions. Successful conversion of opportunities will significantly increase the Group's profitability metrics. These decisions are consistent with plans set out in our medium-term strategic objectives.

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

Signed on behalf of the Board.

Stuart Ritchie
CHIEF FINANCIAL OFFICER
23 April 2024



Board of Directors

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

Board Committees

- Nomination Committee
- Remuneration Committee
- Audit Committee

Claire Milverton
CHIEF EXECUTIVE OFFICER (‘CEO’)

Appointed
October 2017

Skills and experience

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

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

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

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

Stuart Ritchie
CHIEF FINANCIAL OFFICER (‘CFO’)

Appointed
December 2022

Skills and experience

Stuart joined the Board as Chief Financial Officer in December 2022. He is an experienced finance director with a strong background in publicly quoted international technology companies. Most recently Stuart was Group CFO at Fusion Global Limited, a provider of SaaS-based workflow software that generated £30 million in annual revenue across its US, UK and continental European operations. His previous roles include global head of accounting and external reporting at ZEAL Network SE, a Frankfurt-listed eCommerce group. Stuart is a fellow of the Institute of Chartered Accountants, qualifying with EY.

Andrew Roberts

NON-EXECUTIVE CHAIRMAN

Appointed
September 2016**Skills and experience**

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

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

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

Francis Small

NON-EXECUTIVE DIRECTOR

Appointed
August 2017**Skills and experience**

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

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

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

Peter Massey

NON-EXECUTIVE DIRECTOR

Appointed
July 2018**Skills and experience**

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

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

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

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

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

Corporate Governance Report

AN INTRODUCTION FROM THE CHAIRMAN

In the year ended 31 January 2024, we continued to adhere to a high standard of ethics, values and corporate social responsibility. These principles continue to underpin our governance procedures and the strategic and management decisions we make. We continue to assess and develop internal processes to ensure we maintain robustness in our decision-making. More details of what we, as a Board, have been focusing on throughout this financial year is set out in our Section 172 Statement ('s172 Statement').

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

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

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

NOMINATION COMMITTEE MEMBERSHIP

- A Roberts (Chair)
- F Small (Member)

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

Director	Formal scheduled Board meetings during the year ended 31 January 2024	
	Maximum possible attendance	Meetings attended
A Roberts (Chairman)	11	11
C Milverton	11	11
F Small	11	11
P Massey	11	11
S Ritchie	11	11

The Board Composition

The composition of the Board is shown on pages 62 and 63. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise.

The role and operations of the Board

The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The general obligations of the Board and the roles and responsibilities of the Chairman and the Chief Executive Officer are set out in a formal Board responsibilities statement approved by the Board.

The Board fulfils its role by approving the annual strategic plan and monitoring business performance throughout the year. The Board held 11 formal scheduled Board meetings during the financial year and in addition held a number of unscheduled ad-hoc meetings, e.g. to approve signing of major contracts, to review and assess financial budgets and short, medium and long-term strategic plans. The majority of Board meetings in the financial year were held remotely, although we are moving back to in-person Board meetings as our workforce returns to the office. There is in place a schedule of matters reserved for Board approval that can be found on the Company's website (www.1spatial.com).

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

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

- Strategic plan, annual forecasts and budget;
- Health and safety matters;
- Investor relations;
- Financial and operational performance;
- Project updates;
- Market and competitor reports;
- Approval of high-value sales contracts;
- Financing activities and facility agreements;
- Approval of Annual and Half-year Reports;
- Governance updates and the EU Market Abuse Regime;
- Industry regulatory and compliance developments;
- Risk and internal controls; and
- Related-party transactions.

Advice, insurance and indemnities

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

Conflicts

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

Board evaluation

A formal evaluation of the performance and effectiveness of the Board and its Committees was conducted for the year ended 31 January 2024, the results for which were shared and discussed in March 2024. The scope of the evaluation was discussed and agreed with the Chairman, a Non-Executive Director and the Company Secretary. The evaluation was implemented by means of a questionnaire. The final evaluation report highlighted a number of positive messages regarding issues such as – the role of the Chair, the Board structure and roles, decision-making and external and internal communications. The topics that required additional focus at future Board meetings included assessment of succession planning for key management personnel, assessment of performance against longer term strategic objectives and improvement in communications with parts of the shareholder base.

Board development

All new Directors appointed to the Board receive a comprehensive induction. In the year ended 31 January 2023, the Board, with the Company Secretary, updated the structured training and development programme including strategic issues, legal issues and environmental, social and governance ('ESG') issues. A further update is planned in FY 2025.

The Board continues to discuss areas where professional development could facilitate their ability to discharge their duties.

In light of the Group's planned growth strategy, the Board plans to invite technical experts to present in fields such as ESG, regulatory and industry related topics. This will enhance the Board's knowledge and understanding of these areas. Additionally, in order to keep up to date with current requirements, the Company's Nomad is invited to attend a Board meeting each year to update the Board on their general and statutory duties and current best practice governance issues.

Succession planning

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

Reappointment of Directors at the Annual General Meeting

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

Relations with investors

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

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

Board Committees

The terms of reference of the Board's Committees, as summarised below, are all available in full on the Investor Relations section of the Company's website at www.lspatial.com. In the year ended 31 January 2024, all senior management appointments, as well as succession plans for the Board and senior management, were dealt with by the entire Board. The recruitment process involved both the Non-Executive and Executive Directors to ensure that any appointments made strengthened and diversified the composition and skill set of the existing Board. Instead of holding a Nomination Committee meeting, the Board meetings throughout the year included discussions about senior management, recruitment and succession planning in line with the Group strategy.

The key responsibilities of the Nomination Committee are:

- i. Recommending Director nominees to the Board;
- ii. Recommending Committee Chairs and membership to the Board and Committees;
- iii. When appropriate, taking into account the current stage of the Company's development, reviewing succession plans for the Board and Committees;
- iv. Making recommendations to the Board in respect of the re-appointment of any Non-Executive Director at the conclusion of their specified term of office taking into account their performance and their contribution together with the knowledge, skills, leadership and experience requirements of the Board and Committees; and
- v. Regularly reviewing the structure, size and composition (including the balance of skills, diversity, knowledge and experience) required for the Board and making recommendations to the Board with regard to any changes.

Remuneration Committee

Full information on the composition, role, operation and meeting attendance of the Remuneration Committee is set out in the Remuneration Report on page 68.

Audit Committee Report

AUDIT COMMITTEE MEMBERSHIP

- F Small (Chair)
- A Roberts (Member)
- P Massey (Member)

The Committee has a calendar of activities agreed each year. Senior management and the external auditors (BDO) may attend meetings at the request of the Committee. Attendance at scheduled Committee Meetings during the year is shown below. Additional ad-hoc meetings by conference call were also held during the year.

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

Following the recommendation of the Audit Committee and passing of the shareholder resolution at the Annual General Meeting in 2023, BDO LLP ('BDO') were re-appointed as external auditors for the Group for the financial year ended 31 January 2024.

The key responsibilities of the Audit Committee are:

- Monitoring the integrity of financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;
- Reviewing the integrity of internal financial control and risk management systems and codes of corporate conduct and ethics and any published statements regarding these systems and codes;
- Making recommendations to the Board regarding the engagement of the external auditors, approving their terms of engagement, monitoring their objectivity and performance and setting policy regarding the provision of non-audit services by the external auditors;
- Reviewing the plan, scope and results of the annual audit, the external auditors' letter of comments and management's response thereto; and
- Receiving reports from the CFO relating to risk control and management's response to the findings.

During the year and up to the date of approval of this report, the topics discussed at formal scheduled Committee meetings included:

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

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

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

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the Directors. Details of fees paid to the external auditors for both audit and non-audit services are given in the note 6(a) to the financial statements. The non-audit services in the year related to work performed in relation to payroll, tax compliance and company secretarial services to iSpatial Australia Pty Limited.

Internal control

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

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

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

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

In accordance with the QCA Code and best practice guidance for Directors on internal controls issued by the Financial Reporting Council, the Board, with the advice of the Audit Committee, has reviewed the effectiveness of the systems of internal control for the year to 31 January 2024. As part of this review, the Board received assurances from the Chief Executive Officer and the Chief Financial Officer of iSpatial plc that the Directors' Responsibilities Statement on page 74 is founded on a sound system of risk management and internal controls and that the systems of internal controls are operating effectively in all material respects in relation to reporting financial risks and the mitigation of material business risks.

Alternative Performance Measures ('APMs')

The Audit Committee has reviewed the APMs included in the CFO Review on page 50 as well as the reconciliation between the APMs and the closest GAAP measure included in note 2 to the consolidated financial statements of the Group on page 94. The Audit Committee is satisfied that the reconciliation between APMs and GAAP measures is appropriate and that the Board's rationale for including the APMs is fair, balanced and understandable.

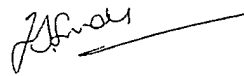
Going concern

As disclosed in the going concern section of note 2 of the consolidated financial statements, Summary of significant accounting policies, the Directors' assessed going concern by evaluating a cash flow model for the period to April 2025. The cash flow model was based on the FY 2025 budget extended for a period of three months so that a period of twelve months from the date of approval of the Annual Report (the 'Assessment Period') was considered.

A number of sensitivities were applied to the cash flow model including a reverse-stress test, results of which demonstrated that even if new business and renewals are severely impacted, the finances of the Group remain robust in the context of the cash flow projections and Available Liquidity (gross cash plus undrawn RCF).

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

Francis Small
CHAIRMAN OF THE AUDIT COMMITTEE
23 April 2024



Directors' Remuneration Report

REMUNERATION COMMITTEE MEMBERSHIP

- P Massey (Chair)
- A Roberts (Member)
- F Small (Member)

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

Director	Maximum possible attendance	Meetings attended
P Massey (Chair)	3	3
A Roberts (member)	3	3
F Small (member)	3	3

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

Annual Statement

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year to 31 January 2024. As the Company is listed on the Alternative Investment Market ('AIM'), we are required to comply with AIM Rule 19 in respect of remuneration disclosures. However, we also provide additional disclosures to those required by AIM Rule 19 on a voluntary basis, in line with AIM best practice, to enable shareholders to better understand and consider our remuneration arrangements. This report is divided into three sections, these being:

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

Committee Responsibilities

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

- Determining the total individual remuneration packages, including pension arrangements, of the Chairman, Executive Directors and senior management;
- Reviewing and approving share incentive plans and non-material changes to them;
- Approving and determining targets including the annual discretionary bonus scheme; and
- Reviewing and approving the scope of any termination payments and severance terms for Executive Directors, ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

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

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

Advisors to the Committee

FIT Remuneration Consultants LLP ('FIT') has been appointed to provide independent advice to the Remuneration Committee as and when required in respect of remuneration quantum and structure as well as developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com. Fees paid to FIT Remuneration Consultants LLP amounted to £9,890 for FY 2024.

Implementation of the Remuneration Policy for FY 2025

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

- Base salaries for the CEO and CFO remain unchanged at £217,000 and £160,000 respectively as at 1 February 2024 although the Remuneration Committee intends to review these during FY 2025;
- Pension and benefit provision remain unchanged;

- Annual bonus provision will continue to be capped at 100% of salary based on profit and strategic targets with a cash flow underpin; and
- As set out in the RNS dated 13 March 2023, the CFO was granted nil cost option awards over 300,000 shares which will vest subject to continued employment and the achievement of three-year revenue, EBITDA and share price targets. Following vesting, the LTIP Awards will be subject to an additional one-year holding period (before the award can be exercised or the shares otherwise be released). The Committee will consider the extent to which further share awards will be granted to Executive Directors during FY 2025.

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

Peter Massey

CHAIRMAN OF THE
REMUNERATION COMMITTEE
23 April 2024



Directors' Remuneration Report continued

Directors' Remuneration policy

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

- Provide market competitive total compensation;
- Motivate, retain and promote individual and corporate outperformance;
- Differentiate on merit and performance;
- Emphasise variable performance-driven remuneration;
- Ensure adherence to the group's code of conduct;
- Align senior management with shareholders' interests; and
- Deliver clarity, transparency and fairness of process.

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

Directors' service contracts/letters of appointment

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

Summary of Directors' Remuneration Policy

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

Annual Report on Remuneration

Directors' emoluments and compensation (audited)

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

	Year	Salary £'000	Pension £'000	Benefits £'000	Bonus £'000	Other ² £'000	Total £'000
EXECUTIVE DIRECTORS							
C Milverton	2024	228	22	4	-	-	254
	2023	228 ¹	22	4 ¹	-	-	254
S Ritchie	2024	160	11	2	-	-	173
	2023	19	1	-	-	-	20
Total Executive Directors	2024	388	33	6	-	-	427
	2023	247	23	4	-	-	274
NON-EXECUTIVE DIRECTORS							
A Roberts	2024	81	-	-	-	-	81
	2023	81	-	-	-	-	81
F Small	2024	46	-	-	-	-	46
	2023	46	-	-	-	-	46
P Massey	2024	46	-	-	-	-	46
	2023	46	-	-	-	-	46
Total Non-Executive Directors	2024	173	-	-	-	-	173
	2023	173	-	-	-	-	173
FORMER DIRECTORS							
A Fabian ²	2024	-	-	-	-	-	-
	2023	165	-	13	-	87 ³	265
Total Board	2024	561	33	6	-	-	600
	2023	585	23	17	-	87	712

1. In FY 2023, Benefits for C Milverton included a car allowance of £11,400. The car allowance amount for FY 2024 is also £11,400 which has been classified within Salary. The FY 2023 figure has been re-stated and forms part of Salary for consistency.

2. Stopped down from the Board on 19 December 2022 and ceased employment on 28 February 2023.

3. Paid in connection with Mr Fabian's exit from the business. This amount forms part of the strategic, integration and other non-recurring items more fully described in [note 7] to the consolidated financial statements.

Directors' interests in share awards (audited)

As at 31 January 2024, the Directors held the following share options:

	1 February 2023 Number	Granted Number	Lapsed Number	31 January 2024 Number	EMI share option Number	Executive unapproved share option Number	Exercise price pence
C Milverton	1,144,526	-	-	1,144,526	494,526	650,000	0p
C Milverton	769,793	-	-	769,793	-	769,793	46.5p
C Milverton	25,000	-	-	25,000	-	25,000	26.5p
S Ritchie	-	-	-	-	-	-	n/a
	1,939,319	-	-	1,939,319	494,526	1,444,793	

A Fabian held 6,250 share options with an exercise price of 26.5p under the Executive unapproved share option plan at 31 January 2023. These options were exercised in full during FY 2024.

Directors' share interests (audited)

The beneficial interests of the Directors in shares of the Company as at 31 January 2024 are shown below:

	Ordinary Shares
A Roberts	586,190
C Milverton	699,738
S Ritchie	-
F Small	13,294
P Massey	91,813

Following the year end (13 March 2024), Claire Milverton purchased 19,038 Ordinary Shares (taking her total shareholding in the Company to 718,776 Ordinary Shares) and Stuart Ritchie purchased 17,700 Ordinary Shares (taking his total shareholding in the Company to 17,700 Ordinary Shares).

Approved and signed on behalf of the Board.

Peter Massey
REMUNERATION COMMITTEE CHAIR
23 April 2024



Directors' Report

The Directors present their Annual Report on the affairs of the Company and the Group, together with the audited consolidated financial statements and the Independent Auditor's Report for the year ended 31 January 2024, in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006. The information in the Chairman's Report, the Corporate Governance Report and the Directors' Responsibilities Statement form part of the Directors' Report.

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

Principal activities

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

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

Details of the business activities during the year can be found in the Strategic Report on pages 15 to 61.

Results and dividends

The results for the Group for the year and the Group and Company's financial position at the end of the year are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend (FY 2023: Nil).

Business review and future developments

The requirements of the business review have been considered within the Chairman's Statement on pages 20 to 21 and the Strategic Report on pages 15 to 61.

Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to pages 56 to 59.

Financial instruments

Financial risk management objectives and policies

During the year the Group's principal financial instruments were bank loans, (including the Revolving Credit Facility and the French bank loans more fully described in the CFO review on page 50), trade receivables and cash. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments have been liquidity risk, interest rate risk, credit risk and capital risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

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

Interest rate risk

The Group's exposure to interest rate risk relates to the Revolving Credit Facility ('RCF') held by 1Spatial plc as well as bank loans taken out by 1Spatial France in 2020 in response to the COVID-19 pandemic ('French bank loans'). The interest rate for any drawn amounts on the RCF is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). Interest on the French bank loans is charged on a fixed rate basis with interest rates ranging between 0% and 3.6%. Given the magnitude of the bank loans, the Board does not consider it appropriate to hedge the interest rate risk.

Credit risk

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

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

Capital risk management

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

The capital structure of the Group at 31 January 2024 consists of cash and cash equivalents of £4.3 million (2023: £5.0 million), bank borrowings of £3.2 million (2023: £2.0 million), and equity attributable to shareholders of 1Spatial plc of £18.3 million (2023: £17.4 million). Additional liquidity in relation to the unused portion of the RCF amounts to £1.1 million at 31 January 2024 and at the date of approval of this report.

Research and development

The Group performs research and development activities as described within the Strategic Report on pages 15 to 61. The Group expends research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £5.3 million was capitalised (2023: £3.8 million), £0.9 million (2023: £0.8 million) was expensed and there were no impairments (2023: nil).

Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting the performance of the Group. This has been of even greater importance during the last three years with an increase in the level of remote working. In response, the Group implemented an increase in the frequency of team meetings, line manager one-to-one meetings and Group-wide communications.

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

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

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

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

Changes in share capital

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

Directors

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

Name	Age	Position	Date of Appointment
A Roberts	71	Non-Executive Chairman	19 September 2016
C Milverton	49	Chief Executive Officer	9 October 2017
F Small	66	Non-Executive Director	1 August 2017
P Massey	61	Non-Executive Director	10 July 2018
S Ritchie	44	Chief Financial Officer	19 December 2022

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

Directors' interests

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

Directors' indemnities and insurance

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

Substantial interests

The Directors have been notified of the following substantial shareholdings in excess of 3% of the voting share capital of the Company as at 10 April 2024:

Name	Number of shares	Percentage of issued share capital
Columbia Threadneedle Investments	22,097,231	19.94%
Canaccord Genuity Wealth Management	19,537,479	17.63%
Azini Capital Partners	13,709,535	12.37%
BGF Investment Management	6,930,100	6.25%
J O Hambro Capital Management	4,385,000	3.95%
Octopus Investment Nominees	4,106,943	3.71%
Herald Investment Management	3,950,000	3.58%
Downing LLP	3,347,626	3.02%

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

Acquisition of the Company's own shares

The Company did not acquire any of its shares during the year ended 31 January 2024 (FY 2023: nil).

Independent auditors

A resolution to reappoint BDO LLP as the Company's auditors and to authorise the Board to determine the auditors' remuneration will be proposed at the 2024 Annual General Meeting.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of disclosure of information to auditors

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

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

Signed by order of the Board


Susan Wallace
 COMPANY SECRETARY
 23 April 2024

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

Independent Auditor's Report to the members of ISpatial plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ISpatial plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2024 which comprise of the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued

to the members of 1Spatial plc

Overview

Coverage	93% (2023:61%) of Group profits before tax and 56% of Group losses before tax 83% (2023:85%) of Group revenue 82% (2023:82%) of Group total assets		
Key audit matters		31 January 2024	31 January 2023
	Revenue recognition	✓	✓
Materiality	Group financial statements as a whole £327,500 (2023: £300,000) based on 1% of revenue (2023: 1% of revenue).		

An overview of the scope of our audit

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

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

The Group audit team also performed specified audit procedures over expenses for one component.

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

Our involvement with component auditors

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

- Group instructions were issued to the component auditor detailing risks identified for the component and related audit procedures to be performed for the financial statement areas together with the allocated component materiality threshold.
- We conducted numerous video and conference calls throughout the audit period to ensure we obtained a full understanding of the operational activities of the component and attended in person the local close meeting.
- We also attended the audit planning, update and clearance meetings with the component auditor and local management.

We performed a detailed review of the submitted reporting deliverables and reviewed the work undertaken by our component auditor by reviewing their working papers, and findings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue Recognition Refer to Note 2 and Note 5</p> <p>The Group derives revenue from the sale of products and rendering of services to customers.</p> <p>These products and services are sold either individually or in software and service bundles and revenue is recognised at either a point in time or over time, depending on whether the performance obligations are distinct and when the performance obligation is satisfied.</p> <p>We considered the significant audit risks arising from recognition of revenue as follows:</p> <ol style="list-style-type: none"> 1) Services revenue is recognised based upon the stage of completion of the service project. There is a risk the stage of completion which is based on a percentage of completion basis for services projects open at the year-end is incorrect or subject to management override. 2) Software revenue for right to use and perpetual licences is recognised at a point in time. There is a risk due to fraud or error that revenue on such licences is not recognised in the correct period based on when the performance obligation is satisfied. <p>For these reasons, revenue recognition was determined to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key revenue processes from inception to disclosure in the financial statements. • We assessed whether group's revenue recognition policy is in accordance with the applicable accounting standards. • For a sample of services revenue contracts open at year end, we assessed the percentage of completion based on timesheet information and total expected hours for the service delivery. We recalculated revenue recognised based on the percentage of completion of the services revenue per the contract with the customer. We recalculated accrued and deferred income for such contracts based on revenue recognised versus invoices raised. • For a sample of licence revenue recognised at a point in time pre-year end, we agreed to customer contract, invoice, and evidence of delivery of the performance obligation by agreeing to support for delivery of licence keys to check revenue was recognised for the correct amount and in the correct period. <p>Key observations: Based on the work performed we consider that the Group's revenue recognition accounting policy is appropriate, and that revenue has been recognised in accordance with the Group's revenue policy.</p>

Independent Auditor's Report continued

to the members of 1Spatial plc

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	31 January 2024 £	31 January 2023 £	31 January 2024 £	31 January 2023 £
Materiality	327,500	300,000	227,700	106,000
Basis for determining materiality	1% of revenue	0.75% of total assets	35% of Group materiality	
Rationale for the benchmark applied	Revenue was considered to be the most appropriate benchmark as it is a consistent indicator of the performance of the Group for users of the financial statements and given the Directors' current focus on revenue growth.		Total assets was deemed an appropriate benchmark for the users of financial statements of the stand-alone company.	The materiality of the Parent Company was capped at a percentage of Group materiality to respond to aggregation risk.
Performance materiality	245,000	225,000	170,765	79,000
Basis for determining performance materiality	31 January 2024: 75% (31 January 2023: 75%) of materiality based on our understanding of the Group, risk assessment procedures performed and the nature and extent of misstatements identified in previous audits and the expectations in relation to misstatements for the current year.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 42% and 85%, (2023: 35% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £139,000 to £279,000, (2023: £106,000 to £270,000). In the audit of each component, we further applied performance materiality levels of 75% (2023: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,000 (2023: £9,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and its components and determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those that relate to the accounting frameworks, Companies Act 2006 and rules of the London Stock Exchange for companies trading securities on AIM, data privacy and the relevant tax compliance regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation etc.

Independent Auditor's Report continued

to the members of 1Spatial plc

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area's most susceptible to fraud to be management override of controls and revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria based on our knowledge of the business, by agreeing to supporting documentation;
- Challenging management's assessments, assumptions and evaluating data used as the basis for making estimates to assess whether judgements made in making accounting estimates are indicative of potential bias by management;
- Obtaining an understanding of the key revenue business processes from inception to disclosure in the financial statements; and
- Testing that the revenue had been recognised in conformity with the Group's policy by obtaining corroborating information to support delivery either over time or at a point in time on a sample basis (see KAM above).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leighton Thomas

(SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

23 April 2024

DocuSigned by:

BDO LLP

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

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2024

	Note	2024 £'000	2023 £'000
Revenue	5	32,315	30,002
Cost of sales		(14,389)	(14,504)
Gross profit		17,926	15,498
Administrative expenses		(16,514)	(14,244)
		1,412	1,254
Adjusted EBITDA		5,479	4,997
Less: depreciation	11	(180)	(253)
Less: depreciation on right of use asset	16	(787)	(1,056)
Less: amortisation and impairment of intangible assets	10	(2,440)	(2,048)
Less: share-based payment credit/(charge)	22	33	(192)
Less: strategic, integration and other non-recurring items	7	(693)	(194)
Operating profit	6(a)	1,412	1,254
Finance income	8	52	19
Finance costs	8	(407)	(229)
Net finance cost	8	(355)	(210)
Profit before tax		1,057	1,044
Income tax credit	9	123	14
Profit for the year		1,180	1,058
Profit for the year attributable to:			
Equity shareholders of the Parent		1,180	1,058
		1,180	1,058
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Actuarial (loss)/gains arising on defined benefit pension, net of tax	18	(43)	162
Exchange differences arising on translation of net assets of foreign operations		(196)	415
Other comprehensive (loss)/income for the year, net of tax		(239)	577
Total comprehensive gain for the year		941	1,635
Total comprehensive gain attributable to the equity shareholders of the Parent		941	1,635
Earnings per Ordinary Share attributable to the owners of the Parent during the year (expressed in pence per Ordinary Share):			
Basic earnings per share	23	1.1	1.0
Diluted earnings per share	23	1.0	0.9

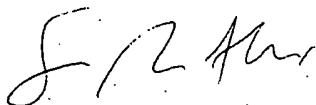
Consolidated Statement of Financial Position

As at 31 January 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets including goodwill	10	19,951	17,408
Property, plant and equipment	11	192	302
Right of use assets	16	1,306	1,609
Restricted cash		75	-
Total non-current assets		21,524	19,319
Current assets			
Trade and other receivables	12	12,770	14,151
Current income tax receivable		-	35
Cash and cash equivalents	13	4,260	5,036
Total current assets		17,030	19,222
Total assets		38,554	38,541
Liabilities			
Current liabilities			
Bank borrowings	14	(647)	(660)
Trade and other payables	15	(14,004)	(15,797)
Current income tax payable		(99)	-
Lease liabilities	16	(584)	(608)
Deferred consideration	17	-	(28)
Total current liabilities		(15,334)	(17,093)
Non-current liabilities			
Bank borrowings	14	(2,534)	(1,322)
Lease liabilities	16	(820)	(1,077)
Defined benefit pension obligation	18	(1,222)	(1,154)
Deferred tax	19	(337)	(544)
Total non-current liabilities		(4,913)	(4,097)
Total liabilities		(20,247)	(21,190)
Net assets		18,307	17,351
Share capital and reserves			
Share capital	20	20,155	20,155
Share premium account	20	30,508	30,488
Own shares held	20	(14)	(139)
Equity-settled employee benefits reserve	22	4,089	4,122
Merger reserve	21	16,465	16,465
Reverse acquisition reserve	21	(11,584)	(11,584)
Currency translation reserve	21	305	501
Accumulated losses		(41,140)	(42,180)
Purchase of non-controlling interest reserve	21	(477)	(477)
Total equity		18,307	17,351

The financial statements on pages 81 to 116 were approved and authorised for issue by the Board on 23 April 2024 and signed on its behalf by:

Stuart Ritchie
DIRECTOR
23 April 2024



Consolidated Statement of Changes in Equity

For the year ended 31 January 2024

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accumulated losses	Total equity
Balance at 31 January 2022 as restated	20,150	30,479	(303)	3,930	16,465	(11,584)	86	(477)	(43,236)	15,510
Comprehensive profit										
Profit for the year	-	-	-	-	-	-	-	-	1,058	1,058
Other comprehensive loss										
Actuarial gains arising on defined benefit pension	-	-	-	-	-	-	-	-	162	162
Exchange differences on translating foreign operations	-	-	-	-	-	-	415	-	-	415
Total other comprehensive (loss)/income	-	-	-	-	-	-	415	-	162	577
Total comprehensive income	-	-	-	-	-	-	415	-	1,220	1,635
Transactions with owners										
Recognition of share-based payment expense	-	-	-	192	-	-	-	-	-	192
Issue of share capital	5	9	-	-	-	-	-	-	-	14
Transfer of treasury shares	-	-	164	-	-	-	-	-	(164)	-
	5	9	164	192	-	-	-	-	(164)	206
Balance at 31 January 2023	20,155	30,488	(139)	4,122	16,465	(11,584)	501	(477)	(42,180)	17,351
Comprehensive profit										
Profit for the year	-	-	-	-	-	-	-	-	1,180	1,180
Other comprehensive loss										
Actuarial loss arising on defined benefit pension	-	-	-	-	-	-	-	-	(43)	(43)
Exchange differences on translating foreign operations	-	-	-	-	-	-	(196)	-	-	(133)
Total other comprehensive income	-	-	-	-	-	-	(196)	-	(43)	(176)
Total comprehensive income	-	-	-	-	-	-	(196)	-	1,054	921
Transactions with owners										
Recognition of share-based payment credit	-	-	-	(33)	-	-	-	-	-	(33)
Issue of shares held in treasury (including exercise of share options)	-	20	125	-	-	-	-	-	(97)	48
	-	20	125	(33)	-	-	-	-	(97)	15
Balance at 31 January 2024	20,155	30,508	(14)	4,089	16,465	(11,584)	305	(477)	(41,140)	18,307

Consolidated Statement of Cash Flows

For the year ended 31 January 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	13 (a)	4,674	5,352
Interest received		52	19
Interest paid		(407)	(229)
Tax paid		(35)	-
Tax received		175	179
Restricted cash		(75)	-
Net cash generated from operating activities		4,384	5,321
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(67)	(163)
Expenditure on development costs and other intangibles	10	(5,295)	(3,854)
Net cash used in investing activities		(5,362)	(4,017)
Cash flows from financing activities			
Proceeds from loans and borrowings		1,900	500
Repayment of loans and borrowings		(639)	(1,043)
Repayment of lease obligations	16	(904)	(1,099)
Payment of deferred consideration on acquisition	17	-	(352)
Net proceeds from share issue		19	14
Net cash used in financing activities		376	(1,980)
Net decrease in cash and cash equivalents		(602)	(676)
Cash and cash equivalents at start of year		5,036	5,623
Effects of foreign exchange on cash and cash equivalents		(174)	89
Cash and cash equivalents at end of year	13 (b)	4,260	5,036

Notes to the Financial Statements

For the year ended 31 January 2024

1. General information

The consolidated financial statements for the year ended 31 January 2024 comprise ISpatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' Report on page 72.

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

2. Summary of material accounting policies

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

Basis of preparation

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

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

Going concern

The Board used as its basis for the going concern review the budget for the FY 2025 year, rolled out to 30 April 2025 using part of its forecast for FY 2026, so that a full 12-month period from the date of signing the FY 2024 Annual Report (the 'Assessment Period') and Accounts is considered.

All operating regions recorded double-digit growth with the exception of Europe, which was flat compared to the prior year. Revenue growth in the UK/Ireland, the US and Australia was driven by significant in year term licence sales with new and existing customers. In Europe, revenue was impacted by the timing of closing contracts towards the end of the year. In spite of the revenue decrease, the European operation successfully signed two major separate multi-million Euro contracts towards the end of FY 2024 which gives clear visibility of revenue into FY 2025 and beyond. Going forward, all regions will continue to focus on increasing sales of higher margin owned technology sold as term licences.

FY 2024 was a year of increased revenue and operating profit as well as double-digit growth in recurring revenue and increased adjusted EBITDA. Metrics for future years are positive with Annualised Recurring Revenue ('ARR') increasing to approximately £17 million (FY 2023: approximately £16 million) driven primarily by term licence sales in the UK and the US. Additionally, the value of committed service orders going into FY 2025 remains strong at approximately £10 million. We anticipate that revenue on these orders will be recognised in FY 2025. We entered the current year with a record level of contracted future revenue, a wide range of customers in stable industry segments of government, utilities and transport and growing proof of delivery in all regions.

The operating cash flow generated in FY 2024 was positive but was impacted by working capital requirements on larger projects and the Group's decision to continue to invest in growing the business and its product offerings.

The Group started the current financial year on 1 February 2024 with cash of £4.3 million plus the undrawn Revolving Credit Facility ('RCF') to give the Group Available Liquidity of approximately £5.4 million.

Based on management's base case forecast the Group is able to meet liabilities as they fall due and operate within available facilities throughout the assessment period.

In addition to the base case, management also considered sensitivities in respect of potential stress tests, a reverse stress test and the mitigating actions available to management. The modelling of the downside scenarios assessed if there was a significant risk to the Group's liquidity. These scenarios make assumptions on revenue declines and costs savings in relation to people costs and other general operating costs.

Under the stress tests the Group is still able to meet liabilities as they fall due and operate within available facilities throughout the assessment period.

Notes to the Financial Statements continued

For the year ended 31 January 2024

2. Summary of significant accounting policies continued

The reverse test was used to find what would be the level of revenue decline that would lead to insufficient liquidity in the Group before the end of the assessment period. The available liquidity would be breached only if revenues were 13% below management's forecast in the assessment period and no action was taken on costs. As a result of completing this assessment management considered the likelihood of the reverse stress test scenario arising to be remote. In reaching this conclusion management considered:

- Revenue – the revenue pipeline, the level of annual recurring revenue and the positive progress on SaaS sales;
- Flexible cost base – a portion of the Group's costs are discretionary in nature; and
- The ability to reduce development expenditure if revenue growth is lower than forecast.

The Directors continue to carefully monitor the current macroeconomic environment, and its impact on the operations, revenues and growth plans of the Group. The Group has not seen any significant impact on revenues from the impact increased inflation. The Group's most significant exposure to inflationary cost rises is from staff costs and Infrastructure services. The Group is only marginally exposed to changes in interest rates due to interest charged on the RCF. The interest rate for any drawn amounts on the RCF is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). Interest on the French bank loans is charged on a fixed rate basis.

The Directors have also considered the conflict in Ukraine and Middle East, and whilst the impact on the Group is currently deemed nil, the Directors remain vigilant and ready to implement mitigation action in the event of any impact.

The Directors are also not aware of any significant matters that occur outside the going concern period that could reasonably possibly impact the going concern conclusion. While the RCF (which has a limit of €3 million and was €1.9 million drawn at year end) has an expiry date of 22 June 2025, as of the date of signing these financial statements, the Directors are in advanced negotiations for both an extension of the term and an increase in the available facility. The increased facility is being sought to provide a secure line of liquidity as our SaaS businesses continue to grow.

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

Audit exemption

Subsidiary undertaking 1Spatial Holdings Limited has claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2024. The Group Parent Company, 1Spatial plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby 1Spatial plc will guarantee all outstanding liabilities to which the subsidiary Company is subject as at 31 January 2024. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2024. The Group Parent Company, 1Spatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2024.

Adoption of new and revised International Financial Reporting Standards ('IFRS's')

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2023.

(i) New standards, amendments and interpretations affecting amounts reported in the financial statements

The following amendments are effective for the period beginning 1 February 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2023 and not adopted early

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

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The following amendments are effective for the period beginning 1 February 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

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

Basis of consolidation

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

Fair value measurements

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

Business combinations

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

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

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

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

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

Disposal of subsidiaries

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

Segment reporting

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

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

2. Summary of significant accounting policies continued

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised as a separate component of equity.

(d) Goodwill and intangibles

Goodwill and intangibles adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

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

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

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

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

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

Recurring revenue

Software licences

Fixed term software licence revenue is the sale of right to use the software and is recognised when the software is made available to the customer (i.e. when control of the asset is transferred and the performance obligation is satisfied). Licence revenue is considered right-to-use as the customer receives the right to download and use the software. Fixed term licence contracts are typically sold on 12 month, 24 month or 36 month terms and subject to annual renewal.

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

Support and maintenance

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

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

Annualised recurring revenue

In addition to the recurring revenue streams explained above and disclosed in note 5 to the consolidated financial statements, the Annual Report also makes reference to annualised recurring revenue ('ARR') and uses this measure to evaluate the Group's performance. Annualised Recurring Revenue ('ARR') is the annualised value at the year-end of recurring contracts for term licences and support and maintenance. A reconciliation between the revenue recognised in the consolidated statement of comprehensive income and the Group's ARR for the current and prior year is included under the heading Alternative Performance Measures in note 2 to the consolidated financial statements.

Services

Professional services

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

Software development services

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

Non-recurring revenue

Perpetual licences

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

Principal versus agent considerations

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

- identify the specified goods or services to be provided to the customer (which, for example, could be a right to a good or service to be provided by another party); and
- assess whether it controls each specified good or service before that good or service is transferred to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The following factors are considered in the analysis:
 - The entity which is primarily responsible for fulfilling the promise to provide the specified product.
 - If the Group has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer.
- The Group has discretion in establishing the prices for the specified product.

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

Interest income

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

Deferred costs and deferred revenues

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

Strategic, integration and other non-recurring items

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

2. Summary of significant accounting policies continued

Current and deferred income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

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

Deferred tax

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

A deferred tax liability is provided on intangible assets acquired as part of a business combination. This results in an increase in residual goodwill by the same amount. This liability has been recognised in accordance with IAS 12.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the financial year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the financial year, to recover or settle that carrying amount of its assets and liabilities.

R&D tax credits

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

Intangible assets

(a) Goodwill

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

(b) Other intangible assets

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

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

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

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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

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

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

Impairment of non-financial assets

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

Property, plant and equipment

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

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

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

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

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

Leases

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

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

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

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 4.7%.

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

2. Summary of significant accounting policies continued

Leases continued

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

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

Financial assets

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

(a) Trade and other receivables

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

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

(b) Cash and cash equivalents

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

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

Financial liabilities

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

(a) Trade and other payables

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

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

(b) Borrowings

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

Provisions

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

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

(a) Restructurings

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

Share capital

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

Employee benefits

(a) Pensions

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

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

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

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

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

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

Share-based payments

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

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

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

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

(b) Other

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

2. Summary of significant accounting policies continued

Alternative Performance Measures

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

	FY 2024	FY 2023
Recurring Revenue		
Total Revenue	32,315	30,002
Adjustments:		
Services	(12,935)	(13,601)
Perpetual Licences - own	(397)	(393)
Perpetual Licences - third party	(876)	(1,253)
Recurring Revenue	18,107	14,755
Annualised Recurring Revenue		
Recurring Revenue	18,107	14,755
Adjustments:		
Timing difference on Net New Revenue in period	(1,643)	1,018
Annualised Recurring Revenue	16,899	15,773
Adjusted EBITDA		
Profit before tax	1,057	1,044
Adjustments:		
Depreciation	967	1,309
Amortisation and impairment of intangible assets	2,440	2,048
Share-based payment (credit)/charge	(33)	192
Strategic, integration and other one-off items	693	194
Net finance cost	355	210
Adjusted EBITDA	5,479	4,997
Operating cash flow		
Cash generated from operations	4,674	5,352
Adjustments:		
Cash flow on strategic, integration and other non-recurring items	667	48
Cash generated from operations before strategic, integration and other non-recurring items	5,341	5,400
Free cash flow		
Cash generated from operations before strategic, integration and other non-recurring items	5,341	5,400
Adjustments:		
Net interest paid	(355)	(210)
Net tax received	140	179
Expenditure on product development and intellectual property capitalised	(5,295)	(3,854)
Purchase of property, plant and equipment	(67)	(163)
Lease payments	(904)	(1,099)
Free cash flow before strategic, integration and other non-recurring items	(1,140)	253
Cash flow on strategic, integration and other non-recurring items	(667)	(48)
Free cash flow	(1,807)	205
Net Cash	FY 2024	FY 2023
Cash and cash equivalents	4,260	5,036
Adjustments:		
Bank Borrowings - current	(647)	(660)
Bank Borrowings - non current	(2,534)	(1,322)
Net Cash	1,079	3,054

3. Financial instruments

Financial assets and financial liabilities

The Group holds the following financial instruments:

	At 31 January 2024 £'000	At 31 January 2023 £'000
Financial assets held at amortised cost		
Trade and other receivables*	11,686	12,901
Cash and cash equivalents	4,260	5,036
	15,946	17,937
Financial liabilities (amortised cost)		
Bank borrowings*	3,181	1,982
Trade and other payables**	4,183	4,555
	7,364	6,537

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

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

Financial risk factors

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

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

(a) Foreign currency risk

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

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

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

	Net assets			
	At 31 January 2024 £'000	At 31 January 2023 £'000	At 31 January 2024 CU'000	At 31 January 2023 CU'000
Euros	2,214	2,207	2,594	2,508
Australian Dollars	510	225	984	395
US Dollars	1,686	2,017	2,140	2,487
Canadian Dollars	-	4	-	7
Moroccan Dirham	-	1	6	7
Tunisian Dinar	(75)	(70)	(294)	(264)
Danish Krone	-	10	-	88
	4,579	4,394		

Notes to the Financial Statements continued

For the year ended 31 January 2024

3. Financial instruments continued

Financial risk factors continued

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

	Australian Dollar currency impact		Euro currency impact		US Dollar currency impact	
	At 31 January 2024 £'000	At 31 January 2023 £'000	At 31 January 2024 £'000	At 31 January 2023 £'000	At 31 January 2024 £'000	At 31 January 2023 £'000
Gain/(loss)	34	34	(73)	(67)	150	178
Net assets/(liabilities)	19	(15)	814	759	607	545

(b) Cash flow and interest rate risk

The Group's exposure to interest rate risk relates to the Revolving Credit Facility ('RCF') held by 1Spatial plc as well as bank loans taken out by 1Spatial France in 2020 in response to the COVID-19 pandemic ('French bank loans'). The interest rate for any drawn amounts on the RCF is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). Interest on the French bank loans is charged on a fixed rate basis with interest rates ranging between 0% and 3.6%. Given the magnitude of the bank loans and low interest rates that range between 0% and 3.6%, the Board does not consider it appropriate to hedge the interest rate risk.

There is no interest on trade and other payables at 31 January 2024 (2023: nil).

Sensitivity analysis

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

	At 31 January 2024 £'000	At 31 January 2023 £'000
Financial assets		
Cash and cash equivalents	4,260	5,036
Financial liabilities		
Bank borrowings	(3,181)	(1,982)

	At 31 January 2024 £'000	At 31 January 2023 £'000	At 31 January 2024 CU'000	At 31 January 2023 CU'000
Cash and cash equivalents:				
Sterling	2,193	2,556	2,193	2,556
Euros	1,325	1,673	1,553	1,902
Australian Dollars	591	343	1,140	601
US Dollars	124	384	157	474
Tunisian Dinar	27	79	105	296
Moroccan Dirham	-	1	6	7
	4,260	5,036		
Bank borrowings				
Sterling	1,900	-	1,900	-
Euros	1,281	1,982	1,501	2,253
US Dollars	-	-	-	-
	3,181	1,982		

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

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

(c) Credit risk

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

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

	2024 £'000	2023 £'000
Current	3,401	3,694
Up to 3 months overdue	822	1,024
3 to 6 months overdue	73	96
6 to 12 months overdue	43	9
> 12 months overdue	65	140
	4,404	4,963

(d) Liquidity risk

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

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

	Less than one year £'000	Between one and two years £'000	Between two and five years £'000
At 31 January 2024			
Bank borrowings	647	2,276	258
Trade and other payables*	4,183	-	-
Lease liabilities	584	396	424
	5,414	2,672	682
At 31 January 2023			
Bank borrowings	660	665	657
Trade and other payables*	4,555	-	-
Lease liabilities	608	555	522
	5,823	1,220	1,179

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

(e) Capital risk

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

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

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

4. Significant accounting estimates and judgements

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

Impairment of goodwill and other intangible assets

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

Capitalisation of development expenditure

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

In order to assess the commercial viability of the development of future solutions, management assesses the potential market for the service and estimate the net present value of cash flows from the potential offering against the cost of development. Only if the return on investment is above a minimum level set by the Board will the development be internally approved to proceed. Further information regarding the accounting policy for research and development is detailed in note 1.

Other estimates and assumptions include:

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

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

5. Segmental information

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

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

Revenue by type

	2024 £'000	2023 £'000
Term licences	8,311	5,167
SaaS solutions	154	-
Support and maintenance - own	6,764	6,727
Support and maintenance - third party	2,878	2,861
Recurring revenue	18,107	14,755
Services	12,935	13,601
Perpetual licences - own	397	393
Perpetual licences - third party	876	1,253
Total revenue	32,315	30,002

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

Revenue by region

	2024 £'000	2023 £'000
UK	11,967	10,454
Europe	11,887	12,173
US	4,735	4,325
Rest of World	3,726	3,050
Total revenue	32,315	30,002

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

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

	2024 £'000	2023 £'000
UK/Ireland	13,252	11,921
At a point in time	3,935	2,185
Over time	9,317	9,736
Europe	11,030	11,011
At a point in time	2,160	2,011
Over time	8,870	9,000
United States	4,713	4,303
At a point in time	2,613	2,159
Over time	2,100	2,144
Australia	3,320	2,767
At a point in time	1,567	1,070
Over time	1,753	1,697
	32,315	30,002
Total revenue at a point in time	10,275	7,425
Total revenue over time	22,040	22,577

As at 31 January 2024, costs to obtain and fulfil a contract of £52,000 were included in other receivables (2023: £109,000). Amortisation of costs to obtain and fulfil a contract for the year ended 31 January 2024 were £67,000 (2023: £75,000). The Group has no significant concentration risk with no major customers representing more than 10% of Group revenue (2023: nil).

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

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

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

	2024 £'000	2023 £'000
UK/Ireland	9,455	7,790
Europe	8,355	7,869
United States	3,711	3,656
Rest of World	3	4
Total	21,524	19,319

Notes to the Financial Statements continued

For the year ended 31 January 2024

6. (a) Operating profit

	2024 £'000	2023 £'000
Operating profit is stated after charging:		
Wages and salaries	15,344	15,085
Social security costs	2,630	2,450
Other pension costs	1,155	1,120
Share-based payment (credit)/charge	(33)	192
Staff costs including Executive Directors	19,096	18,847
Depreciation of property, plant and equipment – owned assets	180	253
Lease depreciation	787	1,056
Amortisation and impairment of intangible assets	2,440	2,048
Net foreign exchange losses/(gains)	51	(307)
Short-term lease payments	185	99
Research costs	976	818
Auditors' remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the Parent Company and consolidated financial statements	179	178
Fees payable to the Company's auditors and its associates for other services:		
• The audit of the Company's subsidiaries	65	15
• Other Services – tax advisory and compliance	17	15

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

	2024 Number	2023 Number
Software developers	141	141
Consulting	99	91
Sales and marketing	48	48
Administration	34	32
Support	14	16
Directors	2	2
	338	330

6. Directors' emoluments

Details of directors' emoluments are included in the Directors' Remuneration Report included on pages 68 to 71.

7. Strategic, integration and other non-recurring items

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

	2024 £'000	2023 £'000
Restructuring	693	-
Amounts paid relating to change of CFO	-	194
Total	693	194

Restructuring costs of £693,000 were incurred during FY 2024. These relate primarily to our European operation, including the removal of certain managerial positions across the region. Costs incurred include redundancy costs and related legal fees.

The cash impact in FY 2024 relating to the strategic, integration and other non-recurring items was £667,000 (2023: £48,000).

8. Finance income and costs

	2024 £'000	2023 £'000
Finance income		
Bank interest receivable	52	19
	52	19
Finance costs		
Interest expense		
• Bank borrowings	(204)	(73)
• Bank charges	(64)	(53)
• Interest cost on defined benefit pension obligation (note 18)	(42)	(15)
Lease interest	(97)	(88)
	(407)	(229)
Net finance cost	(355)	(210)

9. Income tax credit

	2024 £'000	2023 £'000
Current tax		
UK corporation tax on income for year	1	(57)
Foreign tax	126	79
Adjustments in respect of prior years	(42)	(15)
Total current tax charge	85	7
Deferred tax (note 19)		
Origination and reversal in temporary differences	(208)	(58)
Effect of tax rate change on opening balance	-	38
Adjustments in respect of prior years	-	(1)
Total deferred tax	(208)	(21)
Total tax credit	(123)	(14)

Notes to the Financial Statements continued

For the year ended 31 January 2024

9. Income tax credit continued

Factors affecting the tax credit for the year

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

	2024 £'000	2023 £'000
Profit on ordinary activities before tax	1,057	1,044
Profit on ordinary activities before tax multiplied by the effective rate of corporation tax in the UK of 24.03% (2023: 19%)	254	198
Effect of:		
Expenses not deductible for tax purposes	15	96
Adjustment in respect of R&D tax credits	(280)	(312)
Effect of movement in deferred tax rate	6	38
Utilisation of losses not previously recognised for tax purposes	-	(66)
Deferred tax not recognised on losses carried forward	(71)	110
Adjustments in respect of prior years	(42)	(15)
Differences in tax rates applicable to overseas subsidiaries	(3)	(47)
Other differences	(2)	(16)
Total tax credit for the year	(123)	(14)

The relevant deferred tax balances have been measured at 25% for the current year-end, being the tax rate enacted by the reporting date (2023: 25%).

10. Intangible assets including goodwill

	Goodwill £'000	Brands £'000	Customers and related contracts £'000	Software £'000	Development costs £'000	Intellectual property £'000	Total £'000
Cost							
At 1 February 2023	17,672	462	4,738	6,799	25,597	72	55,340
Additions	-	-	-	1	5,283	11	5,295
Effect of foreign exchange	(223)	(7)	(108)	(105)	(372)	-	(815)
At 31 January 2024	17,449	455	4,630	6,695	30,508	83	59,820
Accumulated impairment and amortisation							
At 1 February 2023	11,517	318	3,933	5,294	16,847	23	37,932
Amortisation	-	23	151	237	2,023	6	2,440
Effect of foreign exchange	(108)	(3)	(87)	(66)	(239)	-	(503)
At 31 January 2024	11,409	338	3,997	5,465	18,631	29	39,869
Net book amount at 31 January 2024	6,040	117	633	1,230	11,877	54	19,951
Net book amount at 31 January 2023	6,155	144	805	1,505	8,750	49	17,408

The net book amount of development costs includes £11,877,000 (2023: £8,750,000) internally generated capitalised software development costs that meet the definition of an intangible asset. The amortisation charge of £2,440,000 (2023: £2,048,000) is included in the administrative expenses in the statement of comprehensive income.

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

Impairment tests for goodwill

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

	2024 Total £'000	2023 Total £'000
Goodwill		
Opening carrying value	6,155	5,864
Effect of foreign exchange	(115)	291
Closing carrying value	6,040	6,155

Basis for calculation of recoverable amount

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

The key assumptions used in the value in use calculation were the pre-tax discount rate applied (14% (FY 2023: 14%)), revenue growth rates of 9.5% per annum and cost growth rates of 7% per annum for the five-year period from 1 February 2024 to the year ending 31 January 2029 and the EBITDA to cash conversion is assumed to be 60% or greater. The Board approved budget for the year ending 31 January 2025 was used as the basis for the Group's value in use calculation. Results for the next four years were calculated using the above assumptions to derive the Group's value in use. No impairment is required as no individual asset has a higher carrying value than its value in use.

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 2025 and subsequent years, the assumption has been provided in terms of growth on the prior year EBITDA. The terminal growth rate of 2% does not exceed the long-term growth rate for the business in which the CGUs operate. The discount rate used is pre-tax and reflects specific risks relating to the Group. The forecasts are most sensitive to changes in revenue and overhead assumptions (taken together as the EBITDA). However, there are no major changes to the key assumptions which would cause the goodwill to be impaired.

There would have to be a reduction in forecast EBITDA by 24% for each year of the five-year period ending 31 January 2029 for the headroom to be removed.

Notes to the Financial Statements continued

For the year ended 31 January 2024

11. Property, plant and equipment

	Leasehold property improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 February 2023	346	1,316	1,662
Additions	-	67	67
Disposal	(61)	(26)	(87)
Exchange adjustment	(9)	(1)	(10)
At 31 January 2024	276	1,356	1,632
Accumulated depreciation			
At 1 February 2023	310	1,050	1,360
Charge for the year	16	164	180
Disposal	(61)	(26)	(87)
Exchange adjustment	(8)	(5)	(13)
At 31 January 2024	257	1,183	1,440
Net book amount at 31 January 2024	19	173	192

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

Depreciation expense of £180,000 (2023: £253,000) has been charged in administrative expenses.

12. Trade and other receivables

Current	2024 £'000	2023 £'000
Trade receivables	4,423	4,992
Less: provision for impairment of trade receivables	(19)	(29)
	4,404	4,963
Other receivables	1,338	2,044
Prepayments and accrued income	7,028	7,144
	12,770	14,151

Below is a reconciliation of the movement in accrued income:

	2024 £'000	2023 £'000
At 1 February 2023	6,004	5,075
Accrued revenue invoiced in the year	(6,004)	(5,075)
Revenue accrued in the year	5,927	5,947
Foreign exchange difference	69	57
At 31 January 2024	5,996	6,004

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 2024, trade receivables of £3,405,000 (2023: £3,698,000) were fully performing. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

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

At 31 January 2024, trade receivables of £1,003,000 (2023: £1,269,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

The ageing of these receivables is as follows:

	2024 £'000	Weighted average loss rate	Impairment loss allowance £'000
Current	3,405	0.1%	4
Up to 3 months overdue	826	0.5%	4
3 to 6 months overdue	74	2.0%	2
6 to 12 months overdue	46	5.0%	2
> 12 months overdue	72	10.0%	7
	4,423		19

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

Notes to the Financial Statements continued

For the year ended 31 January 2024

12. Trade and other receivables continued

As of 31 January 2024, trade receivables of £19,000 were impaired (2023: £29,000) and provided for.

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

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

	2024 £'000	2023 £'000
At 1 February	29	25
(Decrease)/increase	(10)	4
At 31 January	19	29

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

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

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

	2024 £'000	2023 £'000
Cash at bank and in hand	4,260	5,036
	4,260	5,036

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

Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	2024 £'000	2023 £'000
Profit before tax	1,057	1,044
Adjustments for:		
Finance income	(52)	(19)
Finance cost	407	229
Depreciation	967	1,309
Amortisation of acquired intangibles	391	386
Amortisation and impairment of development costs	2,049	1,662
Share-based payment credit	(33)	192
Net foreign exchange movement	-	-
Decrease/(increase) in trade and other receivables	1,196	(1,426)
(Decrease)/increase in trade and other payables	(1,314)	1,963
Increase in defined benefit pension obligation	6	12
Cash generated from operations	4,674	5,352
	2024 £'000	2023 £'000
Cash generated from operations before strategic, integration and other non-recurring items	5,341	5,400
Cash flow on strategic, integration and other non-recurring items (note 7)	(667)	(48)
Cash generated from operations	4,674	5,352

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

	2024 £'000	2023 £'000
(Decrease)-in cash in the year	(602)	(676)
Changes resulting from cash flows	(602)	(676)
Net cash outflow in respect of borrowings repaid	639	543
Net cash inflow in respect of new borrowings	(1,900)	-
Effect of foreign exchange	(112)	(44)
Change in net funds	(1,975)	(177)
Net funds at beginning of year	3,054	3,231
Net funds at end of year	1,079	3,054
Analysis of net funds		
Cash and cash equivalents classified as:		
Current assets	4,260	5,036
Bank loans	(3,181)	(1,982)
Net funds at end of year	1,079	3,054

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

(c) Reconciliation of movement in liabilities from financing activities

	Bank borrowings and leases due within 1 year £'000	Bank borrowings and leases due after 1 year £'000	Total £'000
Total debt (including lease liabilities) as at 1 February 2023	1,268	2,399	3,667
Borrowings at 1 February 2023	660	1,322	1,982
Repayment of borrowings	(639)	-	(639)
New borrowings	-	1,900	1,900
Foreign exchange difference	(21)	(41)	(62)
Borrowings before transfer	-	3,181	3,181
Transfer from due after 1 year to due within 1 year	647	(647)	-
Borrowings as at 31 January 2024	647	2,534	3,181
Lease liability at 1 February 2023	608	1,077	1,685
<i>Cash movements:</i>			
Lease payments	(904)	-	(904)
<i>Non-cash movements:</i>			
Additions in the year	199	315	514
Interest cost	97	-	97
Foreign exchange difference	-	12	12
Lease liability before transfer	-	1,404	1,404
Transfer from due after one year to due within one year	584	(584)	-
Lease liability as at 31 January 2024	584	820	1,404
Total debt (including lease liabilities) as at 31 January 2024	1,231	3,354	4,585

Notes to the Financial Statements continued

For the year ended 31 January 2024

14. Bank borrowings

	2024 £'000	2023 £'000
Current bank borrowings	647	660
Non-current bank borrowings	2,534	1,322
	3,181	1,982

Bank borrowings

Bank borrowings relate to amounts drawn on the Revolving Credit Facility ('RCF') amounting to £1.9 million at 31 January 2024 (2023: £nil) together with bank loans taken out by 1Spatial France totalling €1.5 million (2023: €2.25 million) in 2020 during the COVID-19 pandemic ('French bank loans'). The interest rate for any drawn amounts on the RCF is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). Interest on the French bank loans is charged on a fixed rate basis with interest rates ranging between 0% and 3.6%.

The French bank loans are due for repayment over the next three years with a broadly even repayment pattern. Approximately €0.7 million (£0.6 million) is due for repayment in FY 2025. There are no financial covenants attached to the loans, nor is there any security applied. All long-term loans are denominated in Euros.

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

15. Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade payables	2,788	2,861
Other taxation and social security	2,907	3,653
Other payables	364	506
Accrued liabilities	1,071	1,229
Deferred income	6,874	7,548
	14,004	15,797

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:

	2024 £'000	2023 £'000
At 1 February	7,548	5,612
Revenue recognised in the year	(7,548)	(5,612)
Revenue deferred at year end	6,950	7,460
Foreign exchange difference	(76)	88
At 31 January	6,874	7,548

16. Leases

Right of use assets	Total £'000	
At 1 February 2023		1,609
Additions		514
Depreciation		(787)
Foreign exchange difference		(29)
At 31 January 2024		1,306
	2024 £'000	2023 £'000
Buildings	1,104	1,490
Cars	178	82
Others	24	37
	1,306	1,609
Lease liabilities	Total £'000	
At 1 February 2023		1,685
Additions		514
Interest cost		97
Cash paid		(904)
Foreign exchange difference		(54)
At 31 January 2024		1,404
	2024 £'000	2023 £'000
Current	584	608
Non-current	820	1,077
	1,404	1,685
Amounts recognised in profit or loss:		
	2024 £'000	2023 £'000
Depreciation charge of right of use assets		
Buildings	677	955
Cars	99	88
Others	11	13
	787	1,056

Notes to the Financial Statements continued

For the year ended 31 January 2024

17. Business combinations

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

18. Pension obligations

Defined benefit pension

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

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

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

All permanent employees are covered by this scheme. The normal retirement age in France is 64 (62 in 2023) but 43 years of employment are required for employees born after 01/01/1968. Benefit rights do not vest before the normal retirement age.

The scheme is not externally funded through an insurance contract.

The risks of the scheme are as follows:

(a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy

Should the normal retirement age of 64 increase due to life expectancy increases, this will result in an increase in the plan's liabilities.

(c) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the Company pension scheme, using the projected unit basis, was carried out at 31 January 2024 and 31 January 2023 by independent consulting actuaries. The valuations at those dates are based on the following assumptions:

	2024	2023
Expected rate of salary increases	2.50%	2.50%
Discount rate	3.50%	3.75%
Rate of inflation	2.10%	2.20%
Retirement age - management	65	65
Retirement age - others (year of birth < 1968)	63	63
Retirement age - others (year of birth ≥ 1968)	64	63

Annual staff turnover rates are as follows:

	2024	2023
16 - 24 years	20%	20%
25 - 29 years	15%	15%
30 - 34 years	10%	10%
35 - 39 years	7%	7%
40 - 44 years	5%	5%
45 - 49 years	2%	2%
50 years and above	0%	0%

The turnover rates used are based on statistics over the last few years. These rates project 3.1 (2023: 4.2) resignations over the next 12 months.

Reconciliation of scheme liabilities:

	2024 £'000	2023 £'000
At 1 February	(1,153)	(1,276)
Current service (cost)/credit	(66)	(74)
Interest expense	(42)	(15)
Benefit payments	60	62
Re-measurement gains	(43)	162
Exchange difference	22	(12)
At 31 January	(1,222)	(1,153)

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

2024	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 2.4%	Increase of 2.4%

2023	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 2.5%	Increase of 2.5%

Total cost recognised as an expense:

	2024 £'000	2023 £'000
Current service cost/(credit) - within administrative expenses	66	74
Interest cost - within finance costs	42	15
	108	89

The amount recognised in other comprehensive income is:

	2024 £'000	2023 £'000
Re-measurement gains	(56)	216
Deferred tax on re-measurements	13	(54)
	(43)	162

Notes to the Financial Statements continued

For the year ended 31 January 2024

18. Pension obligations continued

Defined benefit pension continued

Based on the demographic data and assumptions at 31 January 2024, a valuation was performed of the benefit expense for the financial year ending 31 January 2025 and the projections were as follows:

	£'000
Current service cost	(69)
Total service cost	(69)
Interest cost	(42)
Total net interest on defined benefit (liability)/asset	(42)
Total defined benefit cost for the year ending 31 January 2025	(111)

The expected benefit payments over the next ten years are shown below:

	£'000
FY 2025	77
FY 2026	42
FY 2027	44
FY 2028	105
FY 2029	44
FY 2030-FY34	776

Defined contribution pension

The Group operates several defined contribution plans, which receive fixed contributions from Group Companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to pension costs was £1,155,000 (2023: £1,120,000).

19. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current year and prior reporting years.

	Tax losses £'000	Accelerated tax depreciation £'000	Intangibles £'000	Other temporary differences £'000	Total £'000
At 31 January 2022	(950)	-	1,543	(28)	565
Deferred tax (credit)/charge for year in profit or loss	(77)	-	76	(20)	(21)
DT credit OCI	-	-	-	54	54
Foreign exchange difference	-	-	-	(54)	(54)
At 31 January 2023	(1,027)	-	1,619	(48)	544
Deferred tax (credit)/charge for year in profit or loss	(231)	-	(6)	30	(207)
DT charge OCI	-	-	-	13	13
Foreign exchange difference	-	-	-	(13)	(13)
At 31 January 2024	(1,258)	-	1,613	(18)	337

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise potential deferred tax assets of £3,194,000 (2023: £3,243,000) in respect of losses amounting to £12,965,000 (2022: £13,133,300) that can be carried forward against future taxable income, on the grounds that at the balance sheet date their utilisation is not considered probable. Losses have no expiry date.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Recoverable within 12 months	-	-	-
Recoverable after 12 months	-	1,613	1,613
Settled within 12 months	(18)	-	(18)
Settled after 12 months	(1,258)	-	(1,258)
	(1,276)	1,613	337

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

Allotted and fully paid	2024 Number	2023 Number
Ordinary Shares of 10p each	110,859,545	110,859,545
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary Shares

The Ordinary Shares all rank *pari passu*, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £1,000,000 in respect of each Ordinary Share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

Voting Rights

ISpatial plc has 110,859,545 (2023: 110,859,545) Ordinary Shares of 10p in issue, of which a total of 15,399 (2023: 147,084) Ordinary Shares are held in treasury. Therefore, the total number of Ordinary Shares with voting rights is 110,844,146 (2023: 110,712,461):

	Number of shares	Allotted, called up and fully paid shares £'000	Share premium account £'000	Own shares held £'000
At 31 January 2023	337,559,423	20,155	30,488	(139)
Share options exercised	74,000	-	20	-
Geomap-Imagis deferred consideration shares	57,685	-	-	-
Transfer of treasury shares	(131,685)	-	-	125
At 31 January 2024	337,559,423	20,155	30,508	(14)

During the year, 74,000 Ordinary Shares were issued from Treasury shares for consideration of £19,610 in settlement of share options exercised.

For details of the Group's share option scheme, refer to note 22.

Own shares

The Group has 15,399 (FY 2023: 147,084) Ordinary Shares of 10p each and 3,500,000 deferred shares with a nominal value of 4p each held in treasury. The original consideration paid was £0.3 million. During the year 74,000 and 57,685 shares were transferred out of treasury to satisfy employee share awards and Geomap-Imagis deferred consideration, respectively.

Notes to the Financial Statements continued

For the year ended 31 January 2024

21. Other reserves

Equity-settled employee benefits reserve

The equity-settled employee benefits reserve arises from the requirement to reflect the fair value of share options vested during the reporting period. For further detail see note 22.

Merger reserve

The merger reserve arises on the difference between the nominal value of shares issued and the premium payable to acquire shares in another company.

Reverse acquisition reserve

The reverse acquisition reserve was created in accordance with IFRS 3, 'Business combinations'. The reverse acquisition reserve arose during the year ended 31 January 2010.

Currency translation reserve

The currency translation reserve arises on the translation of foreign entity balances where the functional currency is different from the presentation currency.

Purchase of non-controlling interest reserve

The purchase of non-controlling interest reserve arises on purchase of further shares in a subsidiary of the Group already under the control of the Parent Company, with the effect of increasing the percentage under control and reducing the percentage owned by the non-controlling interest.

22. Share-based payments

The total credit for the year relating to share-based payment plans was £33,000. (2023: charge of £192,000).

The estimated fair value of the employees' services received in exchange for the grant of share options is measured at the grant date and recognised as an expense on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest. Fair value is determined by reference to the Black-Scholes option pricing model. If a granted option is cancelled and regranted the increase in fair value of the granted option measured immediately before and after the cancellation and regrant is added to the value of the employee's service received in exchange for the grant. If an option is cancelled this is accounted for as an acceleration of the vesting period and any amount unrecognised is recognised immediately.

There were no new LTIP or share option awards made in the year.

The reconciliation of options over the year to 31 January 2024 is shown below.

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding brought forward	8,282,001	28.2p	9,337,128	26.9p
LTIPs granted during the year	-	-	-	-
Share options granted during the year	-	-	-	-
LTIPs exercised during the year	-	-	(172,551)	-
Share options exercised during the year	(74,000)	-	(53,750)	-
Lapsed during the year	(791,500)	25.5p	(828,826)	13.3p
Outstanding carried forward	7,416,501	28.5p	8,282,001	28.2p
Exercisable as at 31 January	5,204,502	36.6p	4,758,677	40.6p

The weighted average remaining contractual life of share options outstanding at the end of the year was 5.5 years (2023: 6.5 years). The exercise prices of the outstanding options range between 0p and 46.5p.

23. Earnings per Ordinary Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	2024 £'000	2023 £'000
Profit attributable to equity shareholders of the Parent	1,180	1,058
	2024 Number 000s	2023 Number 000s
Ordinary Shares with voting rights	110,860	110,712
Deferred consideration payable in shares	-	55
Basic weighted average number of Ordinary Shares	110,860	110,807
Impact of share options/LTIPS	1,842	2,845
Diluted weighted average number of Ordinary Shares	112,702	113,652
	2024 Pence	2023 Pence
Basic earnings/per share	1.1	1.0
Diluted earnings/per share	1.0	0.9

24. Commitments

The future aggregated minimum payments under non-cancellable short-term leases are as follows:

	2024 £'000	2023 £'000
Short-term lease commitments		
No later than one year	7	8
Later than one year but no later than five years	-	-
Later than five years	-	-
	7	8

Short-term lease payments in this note represent rentals payable by the Group for any of its items that are not recognised under IFRS 16. These are made up smaller leases which are less than 12 months.

25. Contingent liabilities

The Group has given performance guarantees on contracts as follows:

	2024 £'000	2023 £'000
Euro	381	489
US Dollar	1	1
Moroccan Dirham	39	39
Tunisian Dinar	-	3
Total	421	532

Notes to the Financial Statements continued

For the year ended 31 January 2024

26. Related-party transactions**(a) Key management compensation**

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in the Directors' Remuneration Report on page 68 to 71.

(b) Controlling party

There is no one party that controls the Group.

(c) Company and subsidiary

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

27. Subsidiaries and associates of the Group as at 31 January 2024

	Description and proportion of share capital held by ISpatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
ISpatial Holdings Limited	Ordinary 100%	-	England & Wales	Holding company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
ISpatial Inc.	-	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
ISpatial Group Limited	-	Ordinary 100%	England & Wales		Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	-	Ordinary 100%	Ireland		c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
ISpatial Australia Pty Limited	-	Ordinary 100%	Australia	Location-based software development and consultancy	Level 4, 29 Kiora Road, Miranda, NSW, 2228
ISpatial Belgium SA	Ordinary 100%	-	Belgium		13, Clos Chanmurly, 4000, Liège, Belgium
ISpatial France SAS	-	Ordinary 100%	France		Bureaux Now Connected, 23-25, avenue du Dr Lannelongue 75014 Paris, France
SARL Imagis-Tunisie	-	Ordinary 100%	Tunisia		Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
DMR Production	-	Ordinary 100%	Tunisia		Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
ISpatial US Inc.	Ordinary 100%	-	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

Company Statement of Financial Position

As at 31 January 2024

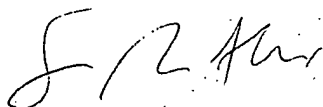
	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments	3	19,980	20,004
Bank guarantee		75	
Total fixed assets		20,055	20,004
Current assets			
Debtors	4	10,229	9,147
Cash and cash equivalents	5	91	43
Total current assets		10,320	9,190
Creditors: amounts falling due within one year			
Creditors	6	(2,188)	(2,383)
Deferred consideration	7	-	(28)
Total creditors due within less than one year		(2,188)	(2,411)
Creditors: amounts falling due after more than one year			
Bank borrowings	8	(1,900)	-
Creditors: amounts falling due after more than one year		(1,900)	-
Total creditors		(4,088)	(2,411)
Net assets		26,287	26,783
Capital and reserves			
Called up share capital	10	20,155	20,155
Share premium account	10	30,508	30,488
Own shares held	10	(14)	(139)
Share-based payments reserve		4,728	4,761
Merger reserve		16,466	16,466
Currency translation reserve		(125)	(125)
Accumulated losses (of which loss for the year was £511,000 (2023: £597,000))		(45,431)	(44,823)
Total equity		26,287	26,783

The financial statements on pages 117 to 124 were approved and authorised for issue by the Board on 23 April 2024 and signed on its behalf by

Stuart Ritchie

DIRECTOR

Registered company number. (England): 5429800



Company Statement of Changes in Equity

For the year ended 31 January 2024

£'000	Share capital	Share premium account	Own shares held	Share-based payments reserve	Merger reserve	Currency translation reserve	Accumulated losses	Total equity
Balance at 31 January 2022	20,150	30,479	(303)	4,569	16,466	(125)	(44,062)	27,174
Comprehensive loss								
Loss for the year	-	-	-	-	-	-	(597)	(597)
Total comprehensive loss	-	-	-	-	-	-	(597)	(597)
Transactions with owners								
Issue of shares	5	9	-	-	-	-	-	14
Transfer of treasury shares on exercise of options	-	-	164	-	-	-	(164)	-
Recognition of share-based payments	-	-	-	192	-	-	-	192
	5	9	164	192	-	-	(164)	206
Balance at 31 January 2023	20,155	30,488	(139)	4,761	16,466	(125)	(44,823)	26,783
Comprehensive loss								
Loss for the year	-	-	-	-	-	-	(511)	(511)
Total comprehensive loss	-	-	-	-	-	-	(511)	(511)
Transactions with owners								
Issue of shares held in treasury (including exercise of share options)	-	20	125	-	-	-	(97)	48
Recognition of share-based payments	-	-	-	(33)	-	-	-	(33)
	-	20	125	(33)	-	-	(97)	15
Balance at 31 January 2024	20,155	30,508	(14)	4,728	16,466	(125)	(45,431)	26,287

Notes to the Company Financial Statements

For the year ended 31 January 2024

1. Summary of material accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on industry experience and various other factors that are believed to be reasonable under the circumstances.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The estimates and assumptions relating to the carrying value of investments have a significant risk of causing a material adjustment in the next financial year. Refer to note 3 for further information.

The following exemptions from the requirement of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of Cash Flows'.
- The requirements in IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, and to disclose compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based Payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- The requirements in IAS 8 to disclose information in relation to a new standard that has been issued but is not yet effective.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a statement of comprehensive income in these separate financial statements. The loss attributable to members of the Company for the year ended 31 January 2024 is £510,000 (2023: £597,000).

The auditors' remuneration for audit and other services is disclosed in note 6(a) to the consolidated financial statements.

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

There is no one party which controls the Company.

Going concern

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

Share-based payments

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

At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the Company Financial Statements continued

For the year ended 31 January 2024

1. Summary of significant accounting policies continued

Investments

Investments in Group undertakings are carried at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account. Management has used significant estimates and judgements when putting together the budgets and projections which are used in the value in use calculations. These judgements are mainly in relation to projected revenues and margins. Refer to note 5 for further information.

Trade and other receivables

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

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

This loss allowance for intercompany receivables is based on management assumptions about the risk of default and expected loss rates. Management has made estimations in making these assumptions and inputs to the impairment calculations which are based on history, external conditions and forward-looking scenarios.

Cash and cash equivalents

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

Trade payables

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

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle that carrying amount of its assets and liabilities.

Foreign currency

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

Employee pensions

The Company operates a stakeholder pension plan for which all employees are eligible. One employee has joined the scheme.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Share capital

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

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Company holds investments in Group undertakings with a carrying value of £19,980,000. The key assumptions concerning the carrying value of the investment in subsidiaries have been set out in note 3.

1.1 Financial risk management

The Company's financial instruments comprise amounts due to/from subsidiary undertakings, cash and cash equivalents, other receivables and trade and other payables. The Company's approach to the financial risks is discussed in note 3, Financial Instruments, to the consolidated financial statements.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company's policy is to manage working capital in order to ensure that liquidity is maintained so as to meet peak funding requirements.

Foreign currency risk

As at 31 January 2024 and 31 January 2023, there was no significant foreign exchange currency exposure to the Company.

Borrowing facilities

The Company has a £3 million Revolving Credit Facility (FY 2023: £3 million) at the reporting date to support working capital requirements. The RCF is denominated in GBP with an expiry date of 22 June 2025. The interest rate for any drawn amounts is 2.95% per annum over the Bank of England Sterling Overnight Index Average ('SONIA'). There is a commitment fee of 1.15% per annum of any undrawn part of the Facility.

2. Directors' emoluments

Details of Directors' emoluments borne by the Company are disclosed in the Directors' Remuneration Report on pages 68 to 71. This includes details of the highest paid Director.

Notes to the Company Financial Statements continued

For the year ended 31 January 2024

3. Investments

	Total £'000
Shares in Group undertakings	
Cost	
At 1 February 2023	42,280
Capital contribution to subsidiaries	(24)
At 31 January 2024	42,256
Accumulated amounts provided	
At 1 February 2023	22,276
At 31 January 2024	22,276
Net book amount	
At 31 January 2024	19,980
At 31 January 2023	20,004

	Total £'000
Shares in Group undertakings	
Cost	
At 1 February 2022	42,114
Capital contribution to subsidiaries	166
At 31 January 2023	42,280
Accumulated amounts provided	
At 1 February 2022	22,276
At 31 January 2023	22,276
Net book amount	
At 31 January 2023	20,004
At 31 January 2022	19,838

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

The recoverable amount of the investments held is determined from value in use calculations for the cash-generating unit ('CGU') covering a five-year period. The detailed plan put together by the management team and the Board makes assessments on revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

4. Debtors

	2024 £'000	2023 £'000
Amounts owed by Group undertakings	9,987	8,863
Taxation and social security	23	35
Other receivables	27	7
Prepayments and accrued income	192	242
	10,229	9,147

All amounts that fall due within one year are presented within current assets as required by the Companies Act. The amounts owed by Group undertakings are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the Group companies. These amounts are unsecured and interest free.

5. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	91	43

6. Creditors due in less than one year

	2024 £'000	2023 £'000
Amounts owed to Group undertakings	1,680	1,760
Trade payables	201	194
Taxation and social security	24	38
Other payables	5	4
Accrued liabilities	278	387
	2,188	2,383

The carrying value of trade and other payables is consistent with their book values. It is the Company's policy to settle trade payables within normal credit terms. Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

7. Deferred consideration

Disclosures in relation to the deferred consideration on the acquisition of the Geomap-Imagis group are made in note 17 to the consolidated financial statements.

8. Bank borrowings

	2024 £'000	2023 £'000
Current bank borrowings	-	-
Non-current bank borrowings	1,900	-
	1,900	-

Bank borrowings relate to amounts drawn on the Revolving Credit Facility ('RCF') amounting to £1.9 million at 31 January 2024 (2023: £nil).

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

9. Share-based payments

Disclosures in relation to the share options in issue are made in note 22 to the consolidated financial statements.

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

Allotted and fully paid	2024 Number	2023 Number
Ordinary Shares of 10p each	110,859,545	110,859,545
Deferred shares of 4p each	226,699,878	226,699,878

Notes to the Company Financial Statements continued

For the year ended 31 January 2024

11: Subsidiaries and associates of the Company as at 31 January 2024

	Description and proportion of share capital held by ISpatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
ISpatial Holdings Limited	Ordinary 100%	-	England & Wales	Holding company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
ISpatial Inc.	-	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
ISpatial Group Limited	-	Ordinary 100%	England & Wales		Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Aon Spásúil Limited	-	Ordinary 100%	Ireland		c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
ISpatial Australia Pty Limited	-	Ordinary 100%	Australia	Location-based software development and consultancy	Level 4, 29 Kiara Road, Miranda, NSW, 2228
ISpatial Belgium SA	Ordinary 100%	-	Belgium		13, Clos Chanmurly, 4000, Liège, Belgium
ISpatial Francé SAS	-	Ordinary 100%	France		Bureaux Now Connected, 23-25, avenue du Dr Lannelongue 75014 Paris, France
SARL Imagis-Tunisie	-	Ordinary 100%	Tunisia		Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
DMR Production	-	Ordinary 100%	Tunisia		Immeuble Lloyd, Bureau 2A-B, Centre Urbain Nord, 1003 Tunis, Tunisie
ISpatial US Inc.	Ordinary 100%	-	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

12: Contingent liabilities

As disclosed in note 2 of the consolidated financial statements, Summary of significant accounting policies, the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. In addition, Aon Spásúil Limited has claimed the audit exemption under Irish Companies Act 2014 section 357 with respect to the year ended 31 January 2023. ISpatial plc has given a statement of guarantee whereby it will guarantee all outstanding liabilities to which Aon Spásúil Limited is subject to at 31 January 2024. The Company guarantees the liabilities of the company at the end of the year until those liabilities have been settled in full. The contingent liability at the year-end was £66,000 (2023: £92,000).

Company Information

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 S Ritchie Chief Financial Officer
 A Roberts Non-Executive Chairman
 F Small Non-Executive Director
 P Massey Non-Executive Director

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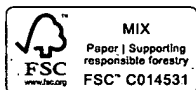
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