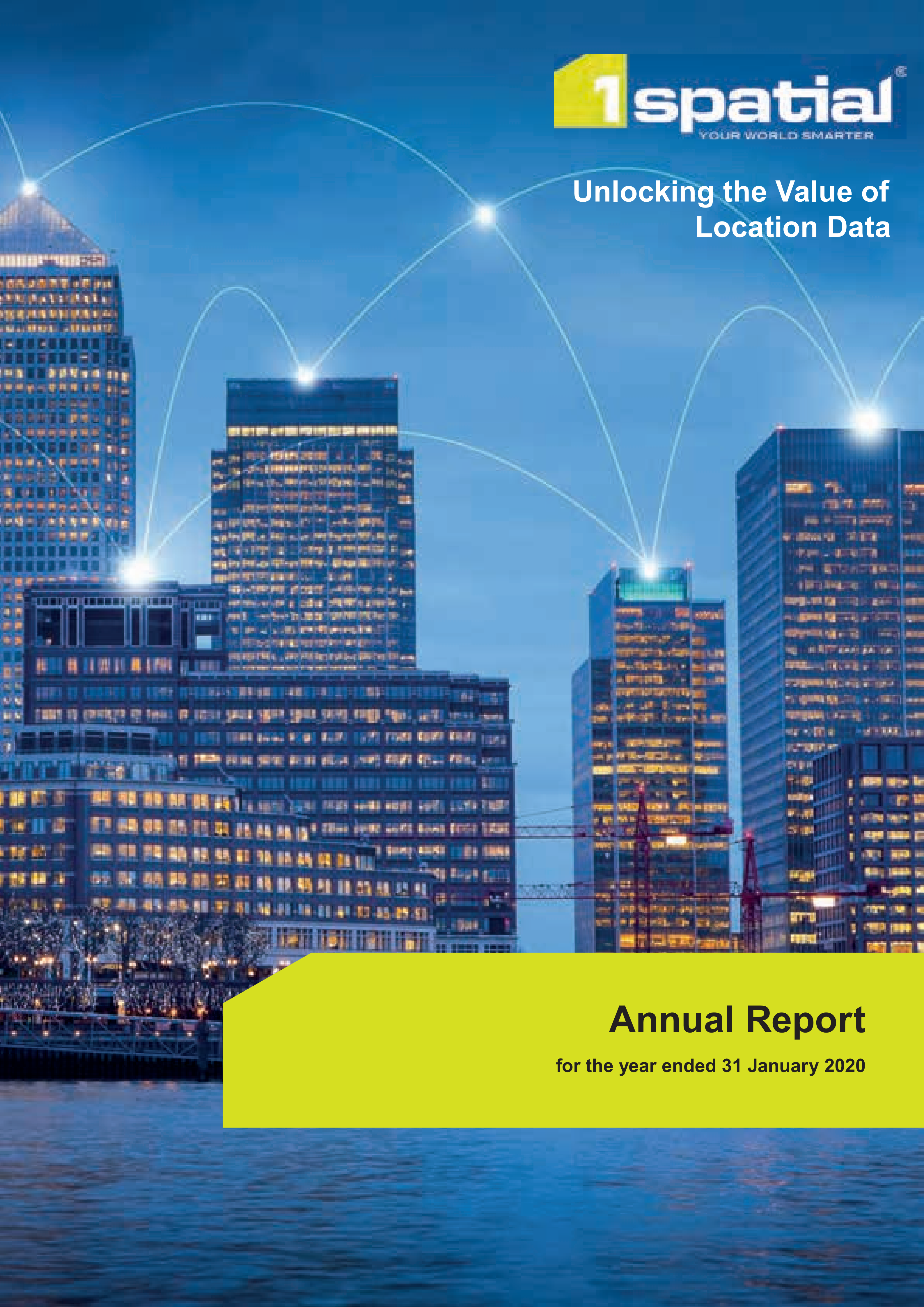


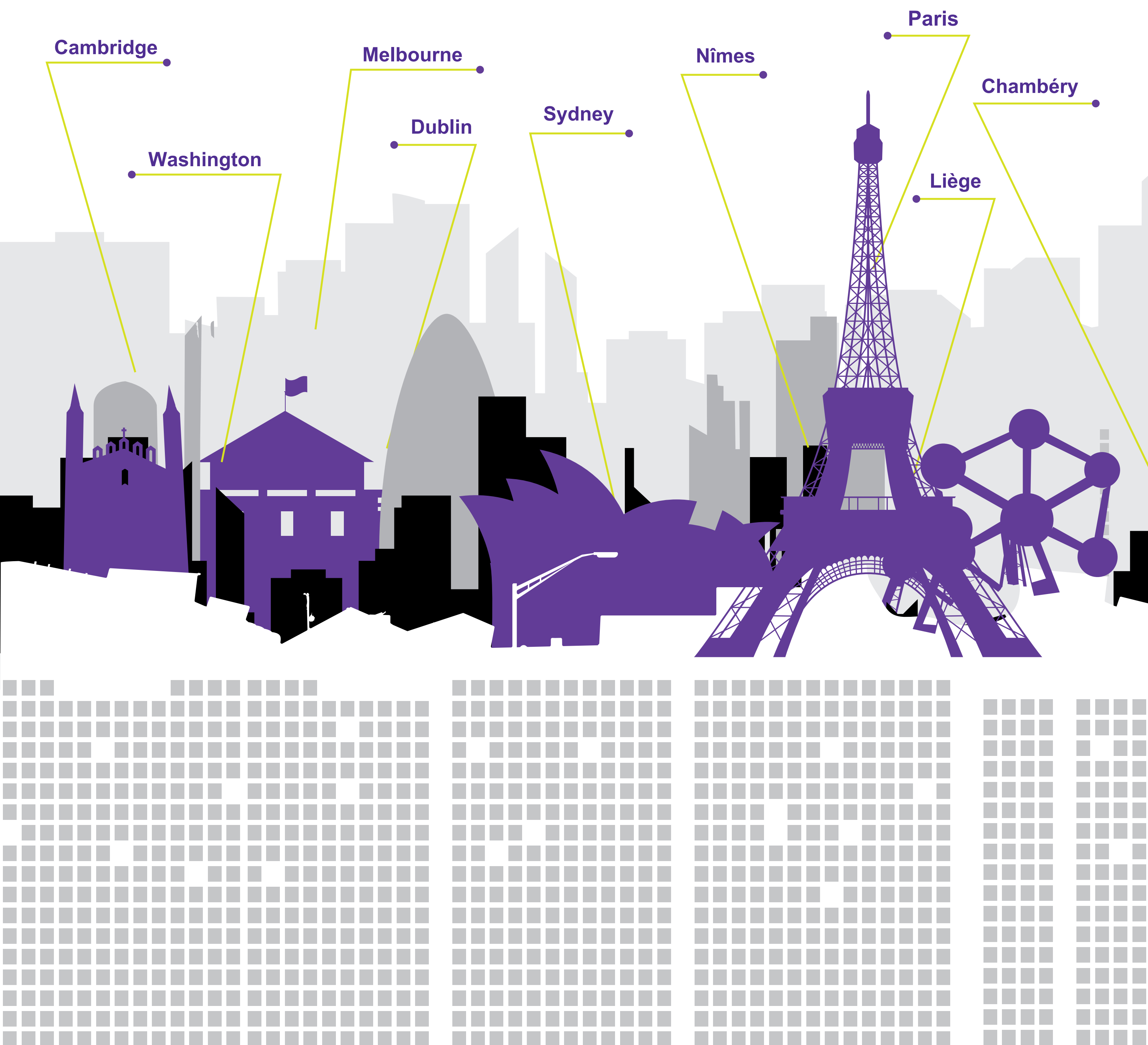
Unlocking the Value of Location Data

Annual Report

for the year ended 31 January 2020

Unlock the value of location data

Global Offices



Technology Partners

Key Industry Sectors

Government

Transport

Utilities

Our Customers

Contents

Who we are

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

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

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

1Spatial plc is AIM-listed, headquartered in Cambridge, UK, with operations in the UK, Ireland, USA, France, Belgium, Tunisia and Australia.

Our Approach

We are a **customer** centric business

We deliver **software, solutions** and **business applications** to address our customers' needs and market requirements

We listen to our customers and become their **trusted adviser**

Highlights

The Board of Directors of 1Spatial (the "Board"), a global leader in providing Location Master Data Management (LMDM) software and solutions, is pleased to present the Group's results for the year ended 31 January 2020.

Group financial highlights

Revenue up 33% to £23.4m (FY19: £17.6m)
£5.8m contribution from Geomap-Imagis ("GI"), acquired in May 2019

Organic Solutions revenue up 7% to £13.1m and on a **LFL basis*** up 12% to £13.1m**
Managed decline of existing GIS revenue to £4.5m (FY19: £5.3m)

Recurring revenue grew by 30% to £9.6m representing **41% of Group revenue** (FY19: £7.4m, 42%), marginally lower as a proportion of total revenue due to GI's lower proportion of recurring revenues

Solutions organic recurring revenue up 13% to £5.2m (FY19: £4.6m)

Embarked on a switch from perpetual to subscription or term licencing, in order to increase revenue visibility

Adjusted* EBITDA up 167% at £3.2m (FY19: £1.2m)
of which £1m due to change in accounting for leases (IFRS 16)

Adjusted* EBITDA margin increased from 6.8% in FY19 **to 9.4%** on a like-for-like basis in FY20 before the impact of IFRS 16

Operating loss reduced to £1.5m (FY19: £1.6m)

Overall loss for the year **including discontinued operations reduced to £1.5m** (FY19: £1.7m)

Operating cash inflows
(before strategic, integration and other irregular items, interest and tax)
increased to £0.8m
(FY19: £0.5m)

Cash and cash equivalents at year-end **of £5.1m** (FY19: £6.4m)

Cash and cash equivalents net of loans at year-end **of £3.9m**
(FY19: £6.4m)

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

** Adjusted for strategic, integration, other irregular items and the share-based payment charge*
*** Refer to reconciliation in CFO review, Results section*

**** The prior year included £0.6m of revenue that did not recur in the year ended 31 January 2020 as 1Spatial Inc. no longer qualified as a Women-Owned Business. On a like-for-like basis, core existing Solutions revenue is therefore up £1.4m, or 12%*

Group operational highlights

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

Current Trading & Outlook

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

Chairman's report

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

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

Financials

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

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

Board and corporate governance

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

Stakeholders

While the importance of giving due consideration to our stakeholders is not new, we are taking the opportunity this year to explain in more detail how the Board engages with stakeholders. We have provided more information on this in the Section 172 Statement included in this Annual Report.

Our people

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

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

Looking forward

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

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

Andy Roberts
Non-Executive Chairman

Strategic report

Our Market

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

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

Our Heritage and Competitive Positioning

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

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

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

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

Our Vision

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

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

Our Strategy

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

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

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

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

Growth Strategy: Three Strategic Pillars

We are building our highly scalable business on three pillars:

1. Innovation

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

Our three areas of innovation are:

- **Data Management Solutions – 1Integrate:** We will enhance our core 1integrate rules engine, using new technologies to improve our competitive positioning through increased data management.
- **Business Applications:** We will develop and bring to market powerful business applications, developed to meet our customer needs. We will focus our efforts on the sectors in which we have extensive domain expertise and proven competitive advantage.
- **Cloud platform:** We will deliver our business applications quickly and efficiently. We are developing a scalable multi-tenant cloud platform, which will provide customers access to turn-key versions of our business applications.

2. Customer Relationships

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

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

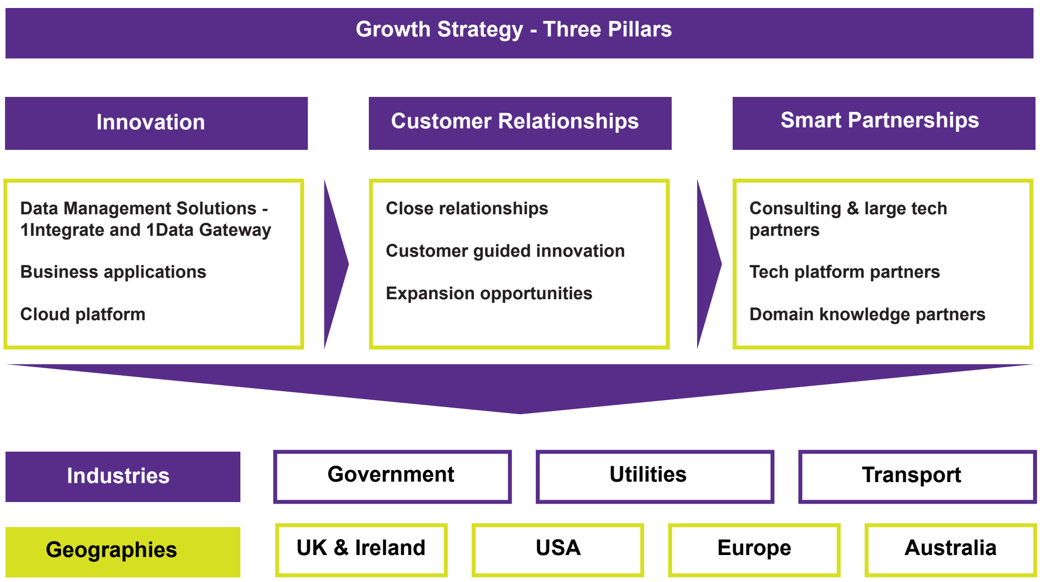
3. Smart Partnerships

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

- We will partner with major technology consultancies and GIS providers in complex customer programmes. Our powerful rules engine, 1Integrate, will provide the data cleansing and automation, allowing the software components of the programmes to communicate with each other.
- We will collaborate with software platform providers, such as Esri Inc.. We will enhance the value of their technology in their platforms through the development of pre-built business applications.
- We will partner with other organisations to enter adjacent industry verticals, where our location data expertise can combine with their domain expertise.

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

You can find our Section 172 Statement, detailing our Directors' responsibility to stakeholders, on pages 27 to 29.



Strategic report (continued)

Business Applications

Examples of our Business Applications, include:

1Water

1Water is a business application for water network management. This global solution is being built on top of the Esri platform and works with the new Esri Utility Network Model. We will initially be using this solution to migrate our existing French customers in the Water sector to the Esri platform but intend to sell this solution globally once finalised. We anticipate that the development of this will be complete by the end of 2020, with full launch in early calendar year 2021.

Automatic Schematic Generation

Automatic Schematic Generation is a business app for the utilities sector, which utilises 1Integrate to automatically generate schematics from live network data which is then output to a PDF document. Schematics allow engineers and planners to rapidly visualise how a network is connected which is important during operational planning or for incident response. Traditionally, utility companies have spent millions generating these schematics manually, which are out of date as soon as the network changes. The use of the Automatic Schematic Generation app results in a set of schematics which are always up-to-date – and therefore safer and more accurate for decision making – and which saves millions in manual creation. Two initial customer implementations are scheduled to take place within calendar year 2020, with full launch later in the year.

U.S. Highways Performance Management Systems (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 Administration, which was formerly a very arduous process. HPMS data submittal 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. During the year, this solution enabled the Group to secure five new state Departments of Transportation customers, on recurring annual term licence and services contracts.

RealWorld4D

RealWorld4D is a business application for the construction sector and facilities management using Building Information Modelling and 3D data. The application enables the rapid visualisation, measurement and simulation of the huge and varied 3D data used in planning of construction work, improving project management and generating significant cost savings. This application has been developed by the French innovation team, with initial customer projects underway and more scheduled through the year.

Traffic Management Plan Automation

An application we believe has great future potential is our Traffic Management Plan Automation app, which enables the automatic generation of statutory traffic management plans around essential roadworks, to be shared with local authorities, customers and other key stakeholders. Excavating roads to access utility pipelines and cables is often unavoidable. In the UK, there are approximately four million such digs every year. Each one must be meticulously planned and a significant amount require the time-consuming creation of an approved, standards-compliant traffic management plan. Following extensive industry research in the second half of the year, we believe the market opportunity for the application to be significant and are currently evaluating partnering opportunities to further develop this solution.

Mobile Applications

LMAP, our mobile rules-based application platform, combines a rules engine and mobile visualisation and editing capabilities to enable users to search, create, modify and make use of their data, accurately in the field, in real-time. The innovation work on the enabling technology was completed in the year, and two applications to sit on the mobile platform are being developed, a Network Editing map to ensure assets are correct out in the field and an Incident App, to register issues on a network. The first customer implementations are due to go live during FY21.

Customer Case studies

Land

GLA: *London Underground Asset Register (LUAR) – Pilot to create a digital map of underground pipes and cables intended to help save lives and reduce disruption*

- GLA awarded funding by the Geospatial Commission for a pilot to create a digital map of the utilities and pipes underground, in order to test the feasibility of creating a national register in the future – the National Underground Asset Register (NUAR).
- Awarded pilot due to our approach to data transformation, which is designed for agility, flexibility, scale, complexity and managing uncertainty.
- Utilising 1Spatial's rules-based approach and data transformation expertise we are helping to save lives and reduce the disruption caused when pipes and cables are struck by mistake. It is estimated that the cost of accidental strikes on underground pipes and cables is £1.2 billion a year to the UK economy.

US State Departments for Transport: *US Highways Performance Management Systems (HPMS)*

- Supporting US Federal Highways Administration (FHWA) to validate each of the 50 states in the US who submit data to determine annual Federal fund allocation.
- Recognising the benefit of utilising the same ruleset as FHWA, the Massachusetts, West Virginia and Pennsylvania Departments of Transport selected 1Integrate to automate their HPMS data preparation process streamlining delivery to hours instead of weeks and ensuring compliance.
- In the year signed five recurring annual term licences of 1Integrate and service contracts with a total deal value of cUS$0.75m. With a total of 10 departments of transport now working with 1Spatial, the opportunity remains to increase across additional states in the USA.

Expand

Caltrans (California Department of Transportation): *Supporting Caltrans with Data Governance and Transport Asset Management System Data Quality Assessments*

- Using 1Integrate, improving data quality and data governance across the department.
- Subcontracting to Gartner and using 1Integrate, working with Caltrans on a series of workshops to pull together an assessment of their data quality for inclusion in a vendor proposal for one integrated system of their assets (Bridges/Pavements etc.). These assets are currently held in different systems.

Northern Gas Networks (NGN): *Automating and revolutionising map and location data to drive safety and efficiency*

- Accessing underground assets is unavoidable, from emergencies to maintenance. The process involves planning and informing the public who will be impacted by disruptions.
- The Traffic Management Plan solution combines NGN's technical expertise, Ordnance Survey data and 1Spatial automation technology to create compliant Traffic Management Plans at the click of a button.
- A paper-based incident response process meant unavailability of timely, accurate data in the office and the field. This made reporting on the real-time status of an incident incredibly difficult.
- Utilising 1Spatial's mobile Incident Application NGN can connect field workers to the command room with 10 second updates.

1Spatial has developed a strong collaborative approach with NGN and 1Spatial's solutions have been highlighted in NGN's business and digitalisation strategy.

Richard Hynes-Cooper, Head of Innovation, (NGN) said in relation to the Traffic Management Plan solution: *"The ability for our own designers, planners and engineers to generate traffic management plans, at the click of a button, is a potential game-changer for the industry. Working together, Northern Gas Networks combined their technical expertise with 1Spatial's automation technology to produce this award-winning and innovative system."*

Large French Water Company: *Modernisation of water network management GIS Solution*

- Geomap-Imagis contract to build a water network management business solution on top of the Esri platform.
- Following the acquisition with 1Spatial, expanded the contract with 1Integrate to deal with data quality control and improvement within the data migration phase.
- Continuation of this successful project with potential to work on more projects in the future.

Innovation through COVID-19

Northumbrian Water: *Workshops and project development delivered, despite a global pandemic, to deliver ground-breaking safety project*

- Project aimed at measuring and modelling the depth of the water company's underground network of water pipes, to build a constantly learning model of pipe depths.
- The maps will allow utility workers to be more confident about depth of pipes and other services beneath their feet, making it safer for workers who need to dig underground and enable them to be better equipped, reducing disruption to customers' water supplies and roadwork delays.

Northumbrian Water's Operational Solutions Manager, Clive Surman-Wells, said: *"I'm delighted that by holding the workshop virtually and using some collaboration tools, we've been able to achieve as much as we would have face to face. I'm really proud that despite the challenges, we can continue to progress this really exciting and important project, as originally planned and on time, with our partners, 1Spatial."*

CEO review

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

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

Completion of three-year turnaround strategy

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

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

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

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

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

FY20 Strategic review

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

1. Innovation

Data Management Solutions – 1Integrate

We have continued to develop 1Integrate, our market-leading rules engine for location data management including support for Google Big Query and 1Data Gateway. It is being extended to include full 3D data within its validation and enhancement capabilities, which will continue through 2020. This will be particularly relevant for facilities management solutions, a potential additional sector for the Group. We also started enhancing its capabilities in order to underpin the creation of an elastically scalable multi-tenancy cloud platform.

Business Applications

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

More information on each is included within our Business Applications section on page 11.

Cloud platform

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

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

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

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

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

2. Customer Relationships

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

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

Land & Expand

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

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

3. Smart Partnerships

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

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

Strategic report (continued)

Agreement with Esri Inc.

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

Integration of Geomap-Imagis

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

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

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

Strategic priorities for the year ahead

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

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

COVID-19, Current Trading & Outlook

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

Trading in the new financial year has begun in line with management's expectations, with all existing customer implementations and contracts progressing to plan and newly secured contracts progressing as anticipated. We have signed contracts across all our geographies, including a multi-year contract with one of the HS2 suppliers in the UK for 1Data Gateway, a four-year framework agreement with Seine Grands Lacs (the Seine River Management Agency) in Paris and expanded our contracts with a number of existing customers.

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

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

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

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

Claire Milverton
Chief Executive Officer

CFO review

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

Results

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

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

Revenue

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

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

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

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

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

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

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

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

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

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

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

Gross profit

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

Administrative expenses

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

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

Adjusted* EBITDA

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

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

Overall result for the year

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

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

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular items and the share-based payment charge. See note 7 to the Annual Report for further information.*

Depreciation

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

Amortisation and impairment of intangible assets

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

Share-based payment charge

The share-based payment charge represents the 'non-cash' charge under IFRS 2 attributable to the issuance of share options under the employee share plan implemented in the prior financial year (see note 23 to the Annual Report). The near doubling of the charge this year is mostly a function of the plan being implemented in the second half of the prior financial year.

Strategic, integration and other irregular items

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

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

Net finance cost

Net finance costs in the year to 31 January 2020 include charges in relation to the IFRS 16 presentation adjustment (see note 8 to the Annual Report).

Tax

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

Loss for the year from discontinued operations

There are no discontinued operations in the current year.

KPIs

Key income statement KPIs are set out below. There are no non-financial KPIs.

	2020	2019	Variance	Variance	
Solutions and Geomap-Imagis	**£m**	£m	£m	%	Met
Solutions growth in revenues	**13.1**	12.3	0.8	7%	Yes
Geomap-Imagis revenues	**5.8**				
Total growth in revenues	**18.9**	12.3	6.6	54%	Yes
Solutions growth in gross profit	**6.9**	6.5	0.4	6%	Yes
Geomap-Imagis gross profit	**3.7**				
Total growth in gross profit	**10.6**	6.5	4.1	63%	Yes
Solutions increase in gross profit margin	**52%**	53%	(1%)	(1%)	No
Geomap-Imagis gross profit margin	**65%**				
Total growth in gross profit margin	**56%**	53%	3%	6%	Yes
Solutions increase in adjusted* EBITDA**	**1.7**	2.1	(0.4)	(19%)	No
Geomap-Imagis adjusted* EBITDA**	**2.1**				
Total growth in adjusted* EBITDA**	**3.8**	2.1	1.7	81%	Yes
Combined Group	**£m**	£m	£m	%	Met
Solutions and GI adjusted* EBITDA	**3.8**	2.1	1.7	81%	Yes
GIS adjusted* EBITDA** – ***	**(0.3)**	0.6	(0.9)	(150%)	n/a
Central adjusted* EBITDA	**(1.3)**	(1.5)	0.2	(13%)	Yes
Total growth in adjusted* EBITDA**	**2.2**	1.2	1.0	83%	Yes
Impact of IFRS 16 'Leases' – ***	**1.0**				n/a
Total growth in adjusted* EBITDA – ***	**3.2**	1.2	2.0	167%	n/a

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular items and the share-based payment charge*

*** like-for-like, before IFRS 16*

**** not a KPI, included above in reconciling adjusted* EBITDA*

Statement of financial position

We have a solid balance sheet at 31 January 2020 with £5.1m of cash and cash equivalents. Since 1 February 2020, the Group has gained access to additional financing totalling £1.8m and a further £0.3m of financing is due to be received in June 2020.

Non-current assets

Intangible assets including goodwill

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

Property, plant and equipment

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

Right-of-use assets

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

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

Current assets

Trade and other receivables

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

Cash and cash equivalents

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

Current liabilities

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

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

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

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

Non-current liabilities

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

Share capital and reserves

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

Cash flow

The Group's cash and cash equivalents balance at the year-end is £5.1m (2019: £6.4m). On a net basis, after bank loans it is £3.9m (2019: £6.4m). A cash flow bridge is presented below which reconciles the adjusted* EBITDA to the year-end cash and cash equivalents balance. This is a different format to the presentation shown in the Annual Report on page 55.

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

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

	2020 £m
Adjusted* EBITDA	3.2
Lease payments (interest) – IFRS 16	(0.2)
Lease payments (principal) – IFRS 16	(0.8)
Adjusted* EBITDA after deduction of IFRS 16 lease payments (noted above)	2.2
Working capital movements	(1.4)
Cash inflow before capex, strategic, integration and other irregular items, interest and tax	0.8
Expenditure on product development and intellectual property capitalised	(2.2)
Expenditure on property, plant and equipment	(0.1)
FCF before strategic, integration and other irregular items, interest and tax**	(1.5)
Payments for strategic, integration and other irregular items	(1.3)
Cash outflow after strategic, integration and other irregular items, before interest and tax	(2.8)
Interest and tax net cashflows	0.2
Cash outflow after strategic, integration and other irregular items, interest and tax	(2.6)
Net proceeds of share issue	2.8
Purchase of Geomap-Imagis	(4.4)
Cash on acquisition of Geomap-Imagis	2.3
New bank loans	0.7
Repayment of bank loans	(0.1)
Net cash outflow	(1.3)
Opening cash and cash equivalents	6.4
Closing cash and cash equivalents	5.1
** split between:	
H1: 1 February 2019 and 31 July 2019	(2.5)
H2: 1 August 2019 and 31 January 2020	1.0
	(1.5)

** Adjusted EBITDA is stated net of certain strategic, integration, other irregular items and the share-based payment charge. See note 7 to the Annual Report for further information*

Nicole Payne
Chief Financial Officer

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 key business risks affecting the Group are as follows:

Pandemic (COVID-19) disrupts business operations

Risk: The impact of extended social distancing restrictions that may result as a consequence of a global pandemic i.e. COVID-19, could have an impact on the free movement of staff and restrict access to key customer sites. It could also impact our ability to support our clients and generate new business, such as limiting the ability to host physical user events for our customers and attend industry exhibitions and events. The continued lock-down of customer offices may reduce our ability to carry out our consulting services and delay or reduce income during the restrictions.

Mitigation: We have successfully facilitated remote working across all our sites since March 2020, enabling the Board to function and management teams and staff to maintain engagement with our customers and key stakeholders. We are now providing our customers with user events on a virtual basis through webinars and also attending events and exhibitions on a virtual basis.

Economic and political changes and impact on customers

Risk: With the current uncertainty across global markets during the COVID-19 pandemic coupled with the UK having left the European Union on 31 January 2020, there is the risk that companies and, in particular, government agencies are under more pressure to cut costs. They may require a robust business case before investing in IT products and services that can have the effect of lengthening deal sales cycles and reducing deal size.

Mitigation: Whilst this is a risk, it is also an opportunity for 1Spatial. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' costs in the long run. The Group is also mitigating this risk by diversifying the industry sectors and geographies in which it works.

Key management and employees may leave the business

Risk: There is a risk that key management and employees leave the business, having a detrimental effect on the operations of the business.

Mitigation: In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation. The Group established a new 1Spatial employee share plan on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders.

Reliance on key customers

Risk: The Group has some reliance on certain key customers.

Mitigation: The Group continues to invest in the key customer relationships that it has successfully retained over many years, while also maintaining a strategy to extend and diversify its customer base. The shift from perpetual to subscription-based (term) revenues across the Group will also reduce the within year financial impact of peaks and troughs that can occur with any individual key customer project delays.

Growth management

Risk: Expansion is expected in the future – both organically and through acquisitions – to increase our reach in the geographies that we currently operate in, as well as the solutions that we offer in those geographies. The risks associated with 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. If the Group is unable to manage expansion effectively, its business and financial results could suffer.

Mitigation: The business development strategy is closely monitored by the senior team and the Group's pipeline of opportunities is regularly reviewed at sales meetings and at Board meetings. The successful integration of acquisitions is a key Board priority to ensure that they bring the required synergistic opportunities to the Group. The Group conducts rigorous due diligence as part of any potential acquisition to ensure financial, operational and technological aspects are understood. The investment in the core 1Integrate solutions together with the development of new business applications, particularly those delivered through the cloud (e.g. 1Data Gateway), will enable the Group to scale more rapidly.

A major technology failure may adversely disrupt operations

Risk: 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 the loss or misuse of sensitive information, legal or regulatory breaches resulting in potential liability, and reputational damage among the customer base leading to a decline in revenues.

Mitigation: The Group continues to invest in resources in enhancing site resilience and defences, improving network monitoring and reviewing the incident response processes to mitigate the impact of a security breach.

Strategic report (continued)

Reliance on key partners

Risk: 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.

Mitigation: The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year. The management team works with each partner to identify points of collaboration to achieve wherever possible a win for both companies.

Loss of intellectual property

Risk: Failure to protect the Group's intellectual property may result in another party using its proprietary technology without authorisation.

Mitigation: The Group's intellectual property is protected in the USA by a patent. The source code for all 1Spatial software is securely stored and backed-up in Atlassian's BitBucket, a leading industry-standard cloud-based source code repository system. In order to minimise the disclosure of intellectual property outside the organisation, the Group relies on confidentiality agreements with its employees, customers, suppliers, consultants and others to protect its intellectual property rights. These are backed up with strict operational IT policies for user offboarding which are audited and compliant with ISO 9001 and Cyber Essentials Plus.

Currency fluctuation

Risk: Currency exposures on revenue and purchases in foreign currencies.

Mitigation: The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency.

Payne

Signed by order of the Board

N Payne
10 June 2020

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.

While the importance of giving due consideration to our stakeholders is not new, we are taking the opportunity this year to explain in more detail how the Board engages with stakeholders. 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, in these unprecedented times and the challenges the Group is facing with COVID-19.

The likely consequences of any decisions in the long-term

The Board has three strategic pillars for FY21 and beyond, as detailed earlier in the Strategic report 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 organisations and individuals within the business through 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 are an employer which actively supports diversity and inclusivity and we also 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 market surveys. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged. An independent Staff Engagement Survey was conducted during the year, the results of which were presented to the Board and helped to inform and guide subsequent strategic decisions. We have implemented wellbeing months, where we focus on activities to promote mental and physical health.

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

Building and sustaining a positive corporate culture across the Group

The Board gives active consideration on an ongoing basis to how we demonstrate the positive corporate culture and conduct at 1Spatial. These matters are important as they affect all stakeholders. The Board recognises that determining and embedding a high standard of corporate culture within the business is essential to not only ensure the Group preserves and maintains its long-established reputation for high standards of business conduct, but also to ensure the business remains sustainable, maximises any competitive advantage this provides over the longer term and builds value for shareholders. At the request of the Board and in response to findings from the Staff Engagement Survey, additional work has been undertaken in the year to improve and reinforce communication of the Group's expectations in terms of culture, conduct and behaviour and to make sure they are adhered to in the Group's activities, relations and interactions with stakeholders.

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 effectively meet their needs. 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, Safe Software 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. One such initiative is Missing Maps, a project to map the most crisis-prone parts of the world. Our staff also support schemes that give something back to our local community, for example food banks and homeless charities.

Several of our business applications not only increase the effectiveness of our customer organisations, but also increase social responsiveness.

1Spatial's Incident Management Solution is a real-time web and mobile app that enables organisations to respond to an incident (loss of supply) such as a gas leakage, in a timely and cost-effective way. It ensures that the utility HQ and field engineers have the most up-to-date view of the incident, allowing decisions to be made using accurate data. As well as capturing relevant asset information through the duration of the incident, it also places the welfare of customers at the heart of the system – vulnerable customers can be identified and welfare-related data can be captured to ensure customers have what they need during the incident.

In October 2019, 1Spatial announced a pilot project awarded by the Greater London Authority ("GLA") following funding by the Geospatial Commission for a pilot to create a digital map of the utilities and pipes underground, in order to test the feasibility of creating a national register in the future. This project is known nationally as The National Underground Asset Register ("NUAR"). 1Spatial, in collaboration with the GLA, is in the process of delivering transformed and platform-ready asset register data for the London Underground Asset Register ("LUAR") pilot. All relevant learnings from 1Spatial's work within the LUAR pilot will be included in any future tenders to help build a digital map of underground pipes and cables intended to help save lives and reduce the disruption caused when they are struck by mistake. It is estimated that the cost of accidental strikes on underground pipes and cables is £1.2 billion a year to the UK's economy.

The impact of the Group's operations on the environment

1Spatial's purpose is to make the world more sustainable, safer and smarter for the future. While many of our solutions are aimed at helping our customers save money and be more efficient, they also ensure that data is correct for enabling our customers to address environmental issues in their business. We've been working with our partner, Safe Software, to deliver free 12-month licences to organisations that have been battling the Australian bushfires and remapping the recovery process.

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

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

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

The need to act fairly as between shareholders of the Group

We have an on-going dialogue with shareholders through roadshows 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 which they feel that the Group should be pursuing and reports back to the Board on issues raised. Investor feedback is also provided by the Group's NOMAD following investor roadshows, 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 2020

As detailed in the Strategic Report, during the year the Board took steps to achieve its strategic priorities for FY20. Decisions taken included growing the business by taking advantage of new business opportunities and by expanding the Group's presence in France with the acquisition of Geomap-Imagis and the agreement with Esri Inc. giving 1Spatial Europe's existing customers the benefit of access to Esri's world-leading GIS platform, while retaining the Group's specialised business applications and extensive know-how. Ahead of the acquisition of Geomap-Imagis, the benefits of which are described in the Strategic Report, a shareholder consultation took place in accordance with regulatory requirements, to canvas their opinion and ensure shareholder's views were aligned with those of the Board in terms of the merits of the acquisition and long-term strategic benefit it would bring to the Group. Taking into account the strategic importance of the acquisition and need to ensure the new teams and customers were swiftly integrated into the Group, the entire Board met with many of the GI employees and the CEO and Chairman met with a number of key customers and our key partner Esri France ensuring customers received a seamless service and the teams were swiftly assimilated, fully engaged and aligned with the Group's strategic vision.

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 auditors' report for the year ended 31 January 2020 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. 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 sale of IT software along with related consultancy and support. 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 10 to 29.

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 (2019: £nil).

Business review and future developments

The requirements of the business review have been considered within the Chairman's report on pages 8 to 9 and the strategic report on pages 10 to 29.

Principal risks and uncertainties

For further details on principal risks and uncertainties, refer to page 25.

Financial instruments

Financial risk management objectives and policies

During the year the Group's principal financial instruments were bank loans 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 cash flow and interest rate risk, credit risk, liquidity risk and capital risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow and interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Bank loan interest is charged on a fixed rate basis. Given the magnitude of the bank loans and low interest rates that range between 0% and 3.4% (with a weighted-average interest rate of 2.28% at the year-end), the Board does not consider it appropriate to hedge the interest rate risk.

Credit risk

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

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

Liquidity risk

The Group's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Group. 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 Group forecasts are compared to available funds to ensure that sufficient headroom is anticipated.

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.

Directors' report (continued)

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.

The capital structure of the Group at 31 January 2020 consists of cash and cash equivalents of £5.1m (31 January 2019: £6.4m), bank borrowings of £1.2m (31 January 2018: Nil), and equity attributable to shareholders of 1Spatial plc of £15.5m (31 January 2019: £13.2m).

Research and development

The Group performs research and development activities as described within the strategic report on pages 10 to 29. The Group expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria. During the year, £2.2m was capitalised (2019: £1.3m), £2.0m (2019: £1.3m) was expensed and £0.1m was impaired (2019: Nil).

Employees

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees and the various factors affecting the performance of the Group. This has been of even greater importance during the restrictions due to COVID-19, with the Group implementing increased frequency of team meetings, line manager 1:1s 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 established a new employee share plan in the prior year. Furthermore, the Directors believe that the Group's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all employees through development and training.

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

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

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

Changes in share capital

Details of movements in share capital are set out in note 21 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	66	Non-Executive Chairman	19 September 2016
C Milverton	46	Chief Executive Officer	9 October 2017
N Payne	39	Chief Financial Officer	9 October 2017
F Small	61	Non-Executive Director	1 August 2017
P Massey	57	Non-Executive Director	10 July 2018

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

Directors' interests

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

Directors' indemnities and insurance

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

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 7 May 2020:

Name	Number of shares	Percentage of issued share capital
Columbia Threadneedle Investments	22,097,231	20.00%
Canaccord Genuity Wealth Management	14,449,933	13.08%
Azini Capital Partners	13,709,535	12.41%
Legal & General Investment Management	6,828,195	6.18%
Harwood Capital LLP	6,500,000	5.88%
BGF Investment Management	6,145,100	5.56%
J O Hambro Capital Management	6,000,000	5.43%
Herald Investment Management	3,950,000	3.58%

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

Acquisition of the Company's own shares

The Company did not acquire any of its shares during the year ended 31 January 2020 (year ended 31 January 2019: nil).

Post balance sheet events

COVID-19

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

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

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

However; due to the uncertainty created by COVID-19, the decision was taken to create a working capital model ("COVID-19 budget") focused on the potential impacts of COVID-19 and the actions that the Board can take to mitigate those impacts. The Board has concluded, based on the COVID-19 budget and sensitivity analysis performed, as well as on the government assistance and bank loans obtained after 31 January 2020 (see below), that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Government assistance

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

Directors' report (continued)

Bank loans

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

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

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Board to determine the auditors' remuneration will be proposed at the 2020 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 have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

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

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

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

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

Statement of disclosure of information to auditors

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

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

Signed by order of the Board

Susan Wallace
Company Secretary
10 June 2020

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

Corporate Governance Report

An Introduction from the Chairman

In the year ended 31 January 2020 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 have updated a number of core Group governance policies. We continue to assess and develop internal processes to ensure we maintain the robustness of decision-making and balance the considerations for the Group's stakeholders in the long term with short-term decisions to address COVID-19. More details of what we, as a Board, have been focussing 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, and 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 brand values of Approachable, Smart, Innovative and Agile are something we expect everyone throughout the Group to adhere to. Our s172 Statement gives more details of how we continue to ensure the wellbeing and best interests of all our employees around the Group.

In the year ended 31 January 2019 the Board adopted the high standards of corporate governance contained in the Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code). Details of how we comply with the QCA Code are set out in our Statement of Compliance, which is updated annually, a copy of which can be found on our website www.1spatial.com.

The Board

Composition

The composition of the Board is shown on page 37. 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, typically by conference call. There is in place a schedule of matters reserved for Board approval that can be found on the Company's website (www.1spatial.com).

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

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

- Strategic plan and annual forecast and budget;
- Health and safety matters;
- Investor relations;
- Financial and operational performance;
- Project updates;
- Market and competitor reports;
- Acquisitions and Group structure changes;
- 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;
- General Data Protection Regulation (GDPR); and
- Related party transactions.

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

Director	Formal Scheduled Board Meetings during the year ended 31 January 2020 Maximum Possible Attendance	Meetings Attended
A Roberts (Chairman)	11	11
C Milverton	11	11
N Payne	11	11
F Small	11	11
P Massey	11	11

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

As part of the comprehensive governance review, a formal evaluation of the performance and effectiveness of the Board and its Committees was conducted in the year ended 31 January 2019. A formal evaluation for the year ending 31 January 2020 is being actioned. The scope of the evaluation will be discussed and agreed with the Chairman, a Non-Executive Director and the Company Secretary. The evaluation will again be implemented by means of a questionnaire. The responses will be collated, and the analysis, findings and recommendations will be presented to the Board. The current Board continues to work well, all Board members have a clear understanding of the Company's core business and strategic direction, the Chief Executive Officer and Chairman work well together and the Committees report back effectively and promptly to the Board. In the year ended 31 January 2020 a substantial amount of work has been carried out on risk management, more details of which can be found on page 39.

Board Development

All new Directors appointed to the Board receive a comprehensive induction. In the year ended 31 January 2020 the Board, with the Company Secretary, developed an on-going structured training and development programme including strategic issues, legal issues and environmental, social and governance (ESG) issues. The Company's Nomad is invited to attend a Board meeting each year to update the Board on their general and statutory duties and current best practice governance issues and senior technical experts will present to the Board in calendar year 2020 on topics such as ESG, as well as regulatory and industry related issues.

Succession Planning

Succession continues to be a key priority for the Board. The current Directors possess a range of skill sets, capabilities and experience gained from diverse backgrounds, thereby enhancing the Board by bringing a wide spectrum of knowledge and expertise. The Board recently approved a succession policy and discussions are on-going 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 other current members of the Board on the Company's website (www.1spatial.com).

Reappointment of Directors at the Annual General Meeting

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

Relations with investors

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

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

Board Committees

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

Nomination Committee

Membership
A Roberts (Chair)
F Small (Member)

In the year ended 31 January 2020, all senior management appointments, as well as succession plans for the Board and senior management, were dealt with by the entire Board. The recruitment process involved both the Non-Executive and Executive Directors to ensure that any appointments made strengthened and diversified the composition and skill set of the existing Board. Instead of holding a Nomination Committee meeting the Board meetings throughout the year included discussions about senior management, recruitment and succession planning in line with the Group strategy.

The key responsibilities of the Nomination Committee are:

i. Recommending Director nominees to the Board;

ii. Recommending Committee chairs and membership to the Board and Committees;

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

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

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

Remuneration Committee

Full information on the composition, role, operation and meeting attendance of the Remuneration Committee is set out in the Remuneration Report on page 40.

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 (PricewaterhouseCoopers LLP) 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)	3	3
A Roberts	3	3
P Massey	3	3

The key responsibilities of the Audit Committee are:

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

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

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

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

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

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

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

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

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. 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 reporting on a grant claim for 1Spatial Belgium, and work performed in relation to the capital contributions in 1Spatial France and 1Spatial Belgium.

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 2020. As part of this review, the Board received assurances from the Chief Executive Officer and the Chief Financial Officer of 1Spatial plc that the Directors' Responsibilities Statement on page 34 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.

Going concern

As disclosed in the going concern section of note 2 of the consolidated financial statements, Summary of significant accounting policies, a working capital model ("COVID-19 budget") was prepared, focussing on the impacts of COVID-19 and the actions the Board can take to mitigate those impacts. Sensitivity analysis was performed on the COVID-19 budget model, requiring a decline in the Group's revenues of more than 35% before the Group runs out of resources given the loan facilities in place. Such an extreme downside scenario is not a realistic outcome given the Group's revenues to date, recurring revenue and backlog revenue. Taking into account the cash flow projections approved by the Board of Directors, the Directors have formed a judgement that, at the time of approving these financial statements, there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Remuneration Report

On behalf of the Board, I am pleased to present the Directors' Remuneration Report, setting out the remuneration policy and the remuneration paid to the Directors for the year to 31 January 2020.

The Remuneration Committee

Membership
F Small (Chair)*
A Roberts (Member)
P Massey (Member)

** With effect from 9 April 2020, F Small stepped down as Chair of the Remuneration Committee and P Massey was appointed in his place.*

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.

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

Director	Maximum Possible Attendance	Meetings Attended
F Small (Chair)	2	2
A Roberts	2	2
P Massey	2	2

The 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:

i. Determining the total individual remuneration packages, including pension arrangements, of the Executive Directors and senior management;

ii. Reviewing and approving share incentive plans and non-material changes to them;

iii. Approving and determining targets including the annual discretionary bonus scheme; and

iv. 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 Committee has access to the advice and views of the Chairman and the Chief Executive as well as the use of external consultants, if required. No external consultants were engaged by the Committee during the year.

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.

Element	Structure	Purpose	Performance Measure
Basic Salary	Fixed	Base salary for the role	N/A
Other Benefits	Fixed	Benefits in kind	N/A
Annual Bonus	Variable	Executives and senior management bonuses are determined by the Remuneration Committee based on the performance of the business	Business performance
Share Option Plans	Variable	Share awards aim to align total remuneration with the growth of the business and shareholder value.	Service conditions on share option awards and business performance and share price performance conditions on long-term incentive plan awards

Basic salary

Salaries are reviewed annually for the Chief Executive Officer and the Chief Financial Officer.

Benefits and benefits in kind

The Directors, both Executive and Non-Executive, also benefit from indemnity arrangements in respect of their services as Directors, and from Directors' and Officers' indemnity insurance.

Annual bonus

The Committee has the discretion and flexibility to take into account factors other than business performance in determining any bonus. Each element of the Executive Directors' reward package supports the achievement of key business measures and rewards outperformance.

Share Option Plans

The Group established a new 1Spatial employee share plan (the "Plan") in 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders. For further detail, refer to note 23 of the Annual Report.

The awards under the Plan granted to the directors of the Company in the prior year are shown on page 42. During this financial year to 31 January 2020, there have been no share option awards.

Directors' Service Contracts

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.

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board, with the Non-Executives removing themselves from discussions concerning their remuneration. The Non-Executive Directors serve the Company under formal letters of appointment that are terminable on six month's written notice which sets out their role, obligations as a director and the expected time commitment required.

During the year, the annual fee payable to each Non-Executive Director was:

	Fee £
A Roberts	91,200
F Small	40,800
P Massey	40,800

Directors' interests in share awards

As at 31 January 2020, the Directors held the following share options (refer to note 6(c)) of the consolidated financial statements for more detail):

		Scheme		
	1 February 2019 and 31 January 2020 Number	EMI share option Number	Executive unapproved share option Number	Exercise price
C Milverton	659,368	537,632	121,736	0p
C Milverton	769,793	–	769,793	46.5p
N Payne	118,548	118,548	–	0p
N Payne	107,967	107,967	–	46.5p
Total	1,655,676	764,147	891,529	

Directors' emoluments and compensation

Details of individual Executive Directors' remuneration for those Directors that served during the current year are as follows (full disclosures are presented in note 6(c)) of the consolidated financial statements):

	Emoluments £'000	Pension contributions £'000	Total 2020 £'000	Emoluments £'000	Pension contributions £'000	Total 2019 £'000
C Milverton	222	21	243	255	26	281
N Payne	98	7	105	105	6	111
	320	28	348	360	32	392

No bonuses are included in directors' emoluments above for the year ended 31 January 2020 (2019: £90,000).

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

	2020 £'000	2019 £'000
A Roberts	91	96
F Small	41	40
P Massey	41	25
N Habgood (resigned 14 March 2018)	–	11
	173	172

Directors' share interests

The interests of the Directors in shares of the Company as at 31 January 2020 are shown below:

	Ordinary Shares
A Roberts	310,000
C Milverton	457,703
N Payne	32,609
F Small	13,294
P Massey	91,813

Approved and signed on behalf of the Board

Peter Massey
Remuneration Committee Chair
10 June 2020

Independent auditors' report to the members of 1Spatial plc

Report on the audit of the financial statements

Opinion

In our opinion:

- 1Spatial plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2020 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report for the year ended 31 January 2020 (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 January 2020; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

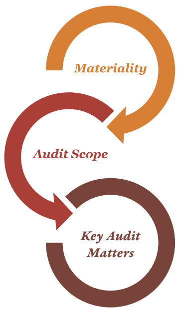
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: £234,000 (2019: £176,000), based on 1% of revenue.
- Overall company materiality: £77,000 (2019: £101,000), based on 5% of profit before tax adjusted to exclude the impact of the reversal of impairment charge against investments.
- We conducted audits of the complete financial information of 1Spatial plc, 1Spatial Group Limited, 1Spatial France SAS and Geomap-Imagis SAS.
- We performed specified audit procedures over certain account balances and transaction classes at three other group companies.
- Taken together, the group companies over which we performed our audit procedures accounted for 95% of revenue.
- Capitalisation of development costs (group).
- Carrying value of goodwill and other intangible assets (group); Carrying value of the company's investment in and receivables from subsidiaries (company).
- Risk of error in revenue recognition (group).
- Valuation of the intangible assets arising on the acquisition of Geomap-Imagis (group).
- Risk posed by COVID-19 (group and company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs – Group The group has capitalised development costs of £5,558,000 at 31 January 2020, of which £1,715,000 relates to the 1Spatial Europe CGU and which is subject to a specific impairment assessment as described further below under "Carrying value of goodwill and intangible assets". Given that capitalisation of such costs directly impacts EBITDA for the period, there is a risk that costs are inappropriately capitalised as a means of achieving a certain result. The Directors performed individual reviews of each project for which costs were capitalised to indicate any potential impairment charge. The main input into this assessment is future sales forecasts. There is therefore judgement in the valuation of the capitalised development costs, owing to the estimation uncertainty that exists around future sales forecasts.	We considered whether costs capitalised in the year met the criteria for capitalisation and had been accurately capitalised. For a sample of projects, we recalculated the amounts capitalised, being hours worked multiplied by the hourly rate. In addition we agreed, on a sample basis, the hours worked to timesheets and hourly rates to payroll records. We obtained the impairment assessment prepared by the Directors, which considered the future benefits associated with each material individual project, checked its mathematical accuracy and discussed the status of each project with the group's technical management. We assessed the reasonableness of the Directors' future sales forecasts by considering, on a sample basis, whether projected level of sales are supported by either purchase orders or correspondence with customers. We found no material exceptions in our testing.
Carrying value of goodwill and other intangible assets – group; Carrying value of the company's investment in and receivables from subsidiaries – company The group had goodwill of £5,928,000 at 31 January 2020, split between the group's two CGUs. The directors have performed the required annual impairment assessment of goodwill as at 31 January 2020 for each CGU using the value in use model and concluded that no impairment should be recorded. Using the same cash flow forecasts, the Directors have reversed £5,539,000 of impairment previously recorded against the company's investment in 1Spatial Belgium SA as the calculation showed that a partial reversal of the previous impairment was justified. In addition, the Directors have assessed the carrying value of certain intangible assets in the 1Spatial Europe CGU, by performing a value in use calculation which showed that no impairment was required. Judgement is required in the impairment assessment, specifically in forecasting the future cash flows. Judgement is also required in determining the discount rate to be applied to future cash flows.	We assessed the appropriateness of using two CGUs for performing the impairment test. Based on our knowledge of the business, including the use of assets and internal reporting, we agreed with the Directors' judgement that, for the assessment of the impairment of goodwill and other intangible assets, the group has two CGUs. We obtained the Directors' impairment analysis for the two CGUs and gained an understanding of the key assumptions and judgements underlying the assessment. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the model, with no exceptions identified. In the case of the goodwill within both CGUs: We assessed the key assumptions, including: – Future revenue and costs: We compared forecast revenues and costs to the group's pre-COVID-19 budget for the year ending 31 January 2021. We specifically considered the reasonableness of: (i) The increase in revenue and costs compared to the year ended 31 January 2020, understood the main drivers for the increase and found these to be reasonable; (ii) The forecast growth rates to revenue and overheads in subsequent years and, where applicable, the terminal growth rate and found these to be reasonable when compared with projected industry growth rates or, in the case of the terminal growth rate long-term economic forecasts; (iii) The forecast gross margin rates, understanding the main drivers for the increase and found these to be reasonable.

Key audit matter	*How our audit addressed the key audit matter*
	– The cash flows for capital expenditure on products which are currently being developed by comparing to those cash flows in the year ended 31 January 2020 and found these to be reasonable; and – The discount rate, by recalculating the expected discount rate using publicly available information, and considered the rate used to be materially in line with our recalculated rate. In addition: – We considered the combined value in use as calculated by management for the two CGUs in the context of the group's market capitalisation. – We performed our own sensitivities reflecting what we believed to be a range of reasonably individually possible alternative outcomes over the forecast cash flows and discount rates, the results of which did not indicate an impairment to goodwill. In the case of certain intangible assets within the 1Spatial Europe CGU: We assessed the key assumptions, including: – The forecast growth/decline in sales and costs; and – The discount rate, by recalculating the expected discount rate using publicly available information, and considered the rate used to be materially in line with our recalculated rate. We also assessed the directors' disclosures of the impact of a reasonably possible change in a key assumption. In the case of the reversal of the impairment of the company's investment in 1Spatial Belgium SA, we agreed that the reversal was supported by the same cash flow forecasts used to assess the carrying value of goodwill.

Key audit matter	How our audit addressed the key audit matter
Risk of error in revenue recognition – group The group has various revenue streams, including: – licences for own and third party software; – support and maintenance fees for own and third party software; – consultancy based services; and – software development services, which can extend over longer periods of time. There is a risk that revenue for some of the streams might not be recognised in line with IFRS 15.	For licences sold shortly before the year end, we checked that all performance obligations had been completed prior to the year end, such that recognition of licence revenue in accordance with IFRS 15 in the period was appropriate. For revenue recognised over time (comprising support and maintenance services, consultancy based services and software development services), we considered whether the conditions for recognising revenue over time as set out in IFRS 15 had been met. For revenue recognised over time and calculated on a percentage completion basis, we confirmed that the criteria for over time recognition had been met, and we tested both the costs incurred in the year and management's estimates of future costs (including assessing their historical accuracy of performing such estimates) to check that an appropriate percentage has been recognised during the year. For contracts where there is no enforceable right to payment for performance to date, we checked that revenue had been recognised based on contract milestones achieved, and that, prior to achievement of such milestones, revenue (together with associated costs) had been deferred. Where licences and services are sold as a bundle, we assessed the allocation of fair value between the different elements performed by management based on the standalone selling prices. We found no material exceptions in our testing.
Valuation of intangible assets arising on the acquisition of Geomap-Imagis – group The group acquired the entire share capital of Geomap-Imagis Participations for total consideration of £6,046,000. The Directors performed a purchase price allocation exercise that involved fair valuing the assets acquired, including separately identifiable intangible assets, comprising software, customer relationships, order backlog and brands (see note 18) to the consolidated financial statements. The valuation of the intangible assets involved significant estimation and the Directors used external valuation experts to assist in their calculation.	With the assistance of our internal valuation specialists, we assessed the assumptions used in determining the fair value of the acquired intangibles. In particular: • we assessed the completeness of identified intangible assets, and the valuation methods used to determine the fair value; • we considered the discount rate used by the external valuation specialists; and • we considered the reasonableness of the underlying cash flow forecasts which formed the basis for determining the fair values and agreed such information to supporting documentation such as prior year results. We found no material exceptions in our testing.
Risk posed by COVID-19 – group and company The Directors have considered the risks posed by COVID-19, as set out in the Principal risks and uncertainties section of the annual report and have reflected the potential impact of COVID-19 when preparing the cash flow forecasts used to support the going concern assumption.	We read relevant disclosures in the annual report and checked consistency with our knowledge of the business based on our audit. In addition, we considered whether the sensitivities applied, as part of the going concern assessment, by the Directors to the future cash flow forecasts to reflect the potential impact of COVID-19 resulted in an implausible downside scenario being considered. No exceptions were noted from our testing.

Independent auditors' report to the members of 1Spatial plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We conducted audits of the complete financial information of 1Spatial plc, 1Spatial Group Limited, 1Spatial France SAS and Geomap-Imagis SAS, which were individually significant and accounted for 69% of the Group's revenue. We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group within 1Spatial Belgium SA, 1Spatial Australia Pty Limited and 1Spatial Inc.

The Group engagement team performed all audit procedures, with the exception of the audits of 1Spatial France SAS and Geomap-Imagis SAS, which were performed by the component auditor in France; and certain specified procedures performed over 1Spatial Belgium SA, which were performed by the component auditor in Belgium. Our involvement in the work of the component auditors in France and Belgium included regular communication, both in advance and during their testing. In addition, members of the Group engagement team performed a review of their working papers and discussed the results of their work.

Taken together, the Group companies over which we performed our audit procedures accounted for 95% of revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	£234,000 (2019: £176,000).	£77,000 (2019: £101,000).
How we determined it	1% of revenue.	5% of profit before tax adjusted to exclude the impact of the reversal of impairment charge against investments.
Rationale for benchmark applied	The earnings have historically been volatile and fluctuated widely from year to year, therefore the overall materiality was calculated as a percentage of the group's revenue, which is one of the group's KPIs.	The company doesn't generate any revenue, therefore, we applied a loss before tax benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £74,000 and £214,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £11,700 (group audit) (2019: £8,000) and £3,850 (company audit) (2019: £5,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Simon Ormiston
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
10 June 2020

Consolidated statement of comprehensive income

For the year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Continuing operations			
Revenue	5	23,385	17,624
Cost of sales		(11,123)	(8,449)
Gross profit		12,262	9,175
Administrative expenses		(13,800)	(10,803)
		(1,538)	(1,628)
Adjusted* EBITDA	24	3,226	1,188
Less: depreciation	11	(152)	(141)
Less: depreciation on right of use asset	17	(878)	–
Less: amortisation and impairment of intangible assets	10	(2,169)	(1,785)
Less: share-based payment charge	23	(398)	(218)
Less: strategic, integration and other irregular items	7	(1,167)	(672)
Operating loss	6(a)	(1,538)	(1,628)
Finance income	8	40	8
Finance costs	8	(235)	(199)
Net finance cost	8	(195)	(191)
Loss before tax		(1,733)	(1,819)
Income tax credit	9	248	389
Loss for the year from continuing operations	5	(1,485)	(1,430)
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the company)	14	–	(270)
Loss for the year attributable to:			
Equity shareholders of the Parent		(1,485)	(1,700)
		(1,485)	(1,700)
Other comprehensive (expense)/income			
Items that may subsequently be reclassified to profit or loss:			
Actuarial gains arising on defined benefit pension, net of tax	19	40	–
Exchange differences arising on translation of net assets of foreign operations		(120)	80
Other comprehensive income for the year, net of tax		(80)	80
Total comprehensive loss for the year		(1,565)	(1,620)
Total comprehensive loss attributable to the equity shareholders of the Parent		(1,565)	(1,620)
Total comprehensive loss attributable to the equity shareholders of the Parent arises from:			
•Continuing operations		(1,565)	(1,350)
•Discontinued operations		–	(270)
		(1,565)	(1,620)

Consolidated statement of comprehensive income (continued)

For the year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Loss per ordinary share from continuing and discontinued operations attributable to the owners of the Parent during the year (expressed in pence per ordinary share):			
Basic loss per share		**(1.37)**	(1.97)
From continuing operations	24	**(1.37)**	(1.65)
From discontinued operations	24	–	(0.31)
Diluted loss per share		**(1.37)**	(1.97)
From continuing operations	24	**(1.37)**	(1.65)
From discontinued operations	24	–	(0.31)

** Adjusted for strategic, integration, other irregular items (note 7) and the share-based payment charge.*

Consolidated statement of financial position

As at 31 January 2020

Registered company number (England): 5429800

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets including goodwill	10	**15,560**	10,194
Property, plant and equipment	11	**374**	285
Right of use assets	17	**3,272**	–
Total non-current assets		**19,206**	10,479
Current assets			
Trade and other receivables	12	**9,930**	4,998
Current income tax receivable		**233**	125
Cash and cash equivalents	13	**5,108**	6,358
Total current assets		**15,271**	11,481
Total assets		**34,477**	21,960
Liabilities			
Current liabilities			
Bank borrowings	15	**(135)**	–
Trade and other payables	16	**(11,439)**	(7,901)
Lease liabilities	17	**(957)**	–
Deferred consideration	18	**(599)**	–
Total current liabilities		**(13,130)**	(7,901)
Non-current liabilities			
Bank borrowings	15	**(1,086)**	–
Lease liabilities	17	**(2,340)**	–
Deferred consideration	18	**(370)**	–
Defined benefit pension obligation	19	**(1,417)**	(677)
Deferred tax	20	**(679)**	(192)
Total non-current liabilities		**(5,892)**	(869)
Total liabilities		**(19,022)**	(8,770)
Net assets		**15,455**	13,190

Consolidated statement of financial position (continued)

As at 31 January 2020

Registered company number (England): 5429800

	Note	2020 £'000	2019 £'000
Share capital and reserves			
Share capital	21	20,150	18,971
Share premium account	21	30,479	28,661
Own shares held	21	(303)	(303)
Equity-settled employee benefits reserve	23	3,332	2,934
Merger reserve	22	16,465	16,030
Reverse acquisition reserve	22	(11,584)	(11,584)
Currency translation reserve	22	184	304
Accumulated losses		(42,791)	(41,346)
Purchase of non-controlling interest reserve	22	(477)	(477)
Total equity attributable to shareholders of the Parent		15,455	13,190
Total equity		15,455	13,190

The financial statements on pages 50 to 102 were approved and authorised for issue by the Board on 10 June 2020 and signed on its behalf by:

N Payne
Director

Consolidated statement of changes in equity

For the year ended 31 January 2020

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accumulated losses	Total equity attributable to shareholders of the parent	Total equity
Balance at 1 February 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,646)**	**6,596**	**6,596**
Comprehensive income/(loss)											
Loss for the year	–	–	–	–	–	–	–	–	(1,700)	(1,700)	(1,700)
Other comprehensive income/(loss)											
	–	–	–	–	–	–	–	–	–	–	–
Exchange differences on translating foreign operations	–	–	–	–	–	–	80	–	–	80	80
Total other comprehensive income/(loss)	–	–	–	–	–	–	80	–	–	80	80
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**80**	**–**	**(1,700)**	**(1,620)**	**(1,620)**
Transactions with owners											
Issue of share capital, net of share issue costs	2,266	5,730	–	–	–	–	–	–	–	7,996	7,996
Recognition of share-based payments	–	–	–	218	–	–	–	–	–	218	218
	2,266	5,730	–	218	–	–	–	–	–	8,214	8,214
Balance at 31 January 2019	**18,971**	**28,661**	**(303)**	**2,934**	**16,030**	**(11,584)**	**304**	**(477)**	**(41,346)**	**13,190**	**13,190**
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(1,485)	(1,485)	(1,485)
Other comprehensive loss											
Actuarial gains arising on defined benefit pension	–	–	–	–	–	–	–	–	40	40	40
Exchange differences on translating foreign operations	–	–	–	–	–	–	(120)	–	–	(120)	(120)
Total other comprehensive (loss)/income	–	–	–	–	–	–	(120)	–	40	(80)	(80)
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(120)**	**–**	**(1,445)**	**(1,565)**	**(1,565)**
Transactions with owners											
Issue of share capital, net of share issue costs (note 21)	1,179	1,818	–	–	435	–	–	–	–	3,432	3,432
Recognition of share-based payments	–	–	–	398	–	–	–	–	–	398	398
	1,179	**1,818**	**–**	**398**	**435**	**–**	**–**	**–**	**–**	**3,830**	**3,830**
Balance at 31 January 2020	**20,150**	**30,479**	**(303)**	**3,332**	**16,465**	**(11,584)**	**184**	**(477)**	**(42,791)**	**15,455**	**15,455**

Consolidated statement of cash flows

For the year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations	(a)	**572**	(749)
Interest received		**40**	24
Interest paid		**(184)**	(199)
Tax received		**313**	410
Net cash generated from/(used in) operating activities		**741**	(514)
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	18	**(2,151)**	–
Purchase of property, plant and equipment		**(132)**	(94)
Expenditure on product development and intellectual property capitalised		**(2,188)**	(1,300)
Net cash used in investing activities		**(4,471)**	(1,394)
Cash flows from financing activities			
New borrowings		**672**	–
Repayment of borrowings		**(133)**	–
Repayment of lease obligations	17	**(792)**	–
Net proceeds of share issue	21	**2,805**	7,996
Net cash generated from financing activities		**2,552**	7,996
Net (decrease)/increase in cash and cash equivalents		**(1,178)**	6,088
Cash and cash equivalents at start of year		**6,358**	268
Effects of foreign exchange on cash and cash equivalents		**(72)**	2
Cash and cash equivalents at end of year	(b)	**5,108**	6,358

Cash flows of discontinued operations included above

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

Notes to the consolidated statement of cash flows

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

	Note	2020 £'000	2019 £'000
Loss before tax including discontinued operations		(1,733)	(2,085)
Adjustments for:			
Finance income		(40)	–
Finance cost		184	175
Depreciation		1,030	141
Amortisation and impairment of intangible assets		2,169	1,785
Share-based payment charge	23	398	218
Net foreign exchange movement		167	(39)
Increase in trade and other receivables		(2,377)	(184)
Increase/(decrease) in trade and other payables		702	(656)
Decrease in provisions		–	(148)
Increase in defined benefit pension obligation		72	44
Cash generated from/(used in) operations		572	(749)

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

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

Notes to the consolidated statement of cash flows (continued)

(c) Reconciliation of movement in liabilities from financing activities

	Bank borrowings and leases due within 1 year £'000	Bank borrowings and leases due after 1 year £'000	Total £'000
Total debt as at 1 February 2018 and 2019	–	–	–
Borrowings at 1 February 2019	–	–	–
Acquired borrowings	147	584	731
New borrowings in the year	–	672	672
Repayment of borrowings	(133)	–	(133)
Foreign exchange difference	(14)	(35)	(49)
Borrowings before transfer	–	1,221	1,221
Transfer from due after 1 year and due within 1 year	135	(135)	–
Borrowings as at 31 January 2020	**135**	**1,086**	**1,221**
Lease liability adopted at 1 February 2019	627	1,034	1,661
Cash movements:			
Lease payments	(908)	–	(908)
Non-cash movements:			
Arising through business combinations	10	694	704
Additions in the year	157	1,569	1,726
Interest cost	116	–	116
Foreign exchange difference	(2)	–	(2)
Lease liability before transfer	–	3,297	3,297
Transfer from due after one year to due within one year	957	(957)	–
Lease liability as at 31 January 2020	**957**	**2,340**	**3,297**
Total debt as at 31 January 2020	**1,092**	**3,426**	**4,518**

Notes to the financial statements

For the year ended 31 January 2020

1. General information

The consolidated financial statements of the Group for the year ended 31 January 2020 comprise 1Spatial plc ('the Company') and its subsidiaries (together 'the Group').

The principal activities of the Company and its subsidiaries are described within the Directors' report on page 31.

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

2. Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements of 1Spatial plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS IC (International Financial Reporting Standards Interpretations Committee) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. 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

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

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

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

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

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

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

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

Audit exemption

Subsidiary undertakings Storage Fusion Limited, 1Spatial Holdings Limited and Sitemap Ltd have claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 January 2020. 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 respective subsidiary companies are subject as at 31 January 2020. 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 2020. 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 2020.

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

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 January 2019, with the exception of the following standards, amendments to and interpretations of published standards adopted during the year:

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

These amendments include changes to the following five standards:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Annual Improvements to IFRS Standards 2015 – 2017
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The group also elected to adopt the following amendments early:

- Definition of Material – Amendments to IAS 1 and IAS 8.

The group had to change its accounting policies as a result of adopting IFRS 16. The group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 February 2019. This is disclosed in note 17. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 February 2019 and not adopted early

Certain new accounting standards and interpretations have been published that are not mandatory for financial years ended 31 January 2020 and have not been early adopted by the group. 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. Entities shall determine appropriate classes of assets and liabilities 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

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

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

Disposal of subsidiaries

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

Segment reporting

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

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

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

(d) Goodwill and intangibles

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

Revenue recognition

Revenue has been recognised in the year ended 31 January 2020 by applying 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 and 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 for each of the Group's different revenue streams and how it is recognised is set out below.

Software licences

Revenue is recognised when the software is delivered and accepted by the customer. Software revenue is recognised depending on licensing terms:

1. For a licence in perpetuity, where there are no further obligations and there is determination that collection of the fee is reasonably assured, the revenue is recognised at the time the licence is delivered; and
2. For a licence that has a fixed term, where there are further obligations the licence revenue is recognised up front and the services over the term of the licence.

Support and maintenance

Where the support and maintenance is sold for a fixed term and there is a continuing performance obligation, then the revenue is deferred and 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 obligation with revenue recognised when the performance obligation has been met

Professional services

Revenue is recognised at a point in time once the Group has the contractual right to receive the consideration.

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.

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. 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 irregular items

The Group has certain strategic, integration and other irregular items, e.g. acquisition costs, compromise agreements and redundancy payments. Management has disclosed these separately to enable a greater understanding of the underlying results of the trading business so that the underlying run rate of the businesses can be established and compared on a like-for-like basis each year.

The policy of the Group is to separately disclose the following:

– Strategic costs, e.g. costs of due diligence on acquisitions which cannot be capitalised under IFRS 3 (revised) and costs of other strategic items such as aborted due diligence costs.
- Integration costs, such as bonuses, duplicated costs, or redundancy and compromise payment costs.
- Irregular items that will affect the underlying profitability of the business.

Adjusted EBITDA is the earnings before interest, tax, depreciation and amortisation, adjusted for strategic, integration and other irregular items and the share-based payment charge.

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 loss as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

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

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

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

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 to15 years
Customer and related contracts	5 to 15 years
Software and intellectual property	3 to 10 years
Development costs	2 to 5 years
Website costs	3 years

Impairment of non-financial assets

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

Property, plant and equipment

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

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

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

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

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

Leases

Prior to the year ended 31 January 2020, IAS 17 'Leases' applied to leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases (note 25). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

As explained in note 2 above, the group has changed its accounting policy for leases where the group is the lessee. The impact of the change is shown in note 17.

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

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

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

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

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

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

Financial assets

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

(a) Trade and other receivables

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

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

(b) Cash and cash equivalents

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

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

Financial liabilities

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

(a) Trade and other payables

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

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

(b) Borrowings

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

Provisions

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

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

(a) Restructurings

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

Share capital

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

Employee benefits

(a) Pensions

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

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

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

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

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

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

(b) 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.

(c) 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.

3. Financial instruments

Financial assets and financial liabilities

The Group holds the following financial instruments:

	At 31 January 2020 £'000	At 31 January 2019 £'000
Financial assets held at amortised cost		
Trade and other receivables *	8,727	3,641
Cash and cash equivalents	5,108	6,358
	13,835	9,999
Financial liabilities (amortised cost)		
Bank borrowings	1,221	–
Trade and other payables **	3,758	2,501
	4,979	2,501

* 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: 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 sterling statement of financial position is exposed to potential foreign currency losses on translation of the net assets of these subsidiaries. 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 2020 £'000	At 31 January 2019 £'000	**At 31 January 2020 CU'000**	At 31 January 2019 CU'000
Euros	**2,918**	1,330	**3,470**	1,521
Australian dollars	**223**	(70)	**437**	(127)
US dollars	**941**	370	**1,237**	485
Canadian dollars	**3**	19	**5**	33
Moroccan dirham	**82**	76	**1,031**	949
Tunisian dinar	**11**	8	**41**	30
	4,178	1,733		

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 2020 £'000	At 31 January 2019 £'000	**At 31 January 2020 £'000**	At 31 January 2019 £'000	**At 31 January 2020 £'000**	At 31 January 2019 £'000
Loss	(17)	(14)	(11)	(27)	(58)	(26)
Net assets/(liabilities)	92	112	(994)	(346)	(341)	(288)

(b) Cash flow and interest rate risk

The Group's exposure to interest rate risk relates primarily to its bank loans in 1Spatial France and Geomap-Imagis totalling £1.2m at the year-end (2019: nil). Bank loan interest is charged on a fixed rate basis with interest rates ranging between 0% and 3.4%. Given the magnitude of the bank loans and low interest rates that range between 0% and 3.4%, 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 2020 (2019: 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 2020 £'000	At 31 January 2019 £'000
Financial assets		
Cash and cash equivalents	5,108	6,358
Financial liabilities		
Bank borrowings	(1,221)	–

	At 31 January 2020 £'000	At 31 January 2019 £'000	At 31 January 2020 CU'000	At 31 January 2019 CU'000
Cash and cash equivalents				
Sterling	697	4,374	697	4,374
Euros	3,620	1,720	4,300	1,966
Australian dollars	230	69	451	124
US dollars	514	145	676	192
Tunisian dinar	11	6	41	24
Moroccan dirham	36	44	450	542
	5,108	6,358		
Bank borrowings				
Sterling	–	–	–	–
Euros	1,221	–	1,452	–
US dollars	–	–	–	–
	1,221	–		

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 a minimum rating of '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.

	2020 £'000	2019 £'000
Current	3,395	1,849
Up to 3 months overdue	997	510
3 to 6 months overdue	87	80
6 to 12 months overdue	123	63
> 12 months overdue	56	30
	4,658	2,532

(d) Liquidity risk

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

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

At 31 January 2020	Less than one year £'000	Between one and two years £'000	Between two and five years £'000
Bank borrowings	135	204	882
Trade and other payables*	3,758	–	–
Lease liabilities	957	795	1,545
	4,850	999	2,427

At 31 January 2019	Less than one year £'000	Between one and two years £'000	Between two and five years £'000
Trade and other payables*	2,501	–	–
	2,501	–	–

*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. In August 2019 1Spatial France secured a €1m loan from Le Credit Lyonnais which wasn't drawn down until March 2020, post year-end.

(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). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

During the year ended 31 January 2020, the Group's strategy, which is unchanged from the previous year, was to maintain the gearing ratio below 50% and this has been maintained.

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 reversal of impairment of other intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. In addition, in a prior year, other intangible assets (as well as goodwill) were impaired in the 1Spatial Europe CGU, following an impairment review. The recoverable amounts of cash-generating units 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.

Acquisition accounting

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated. The Group has separately recognised customer lists and customer contracts based on contractual agreements in acquisitions made (see note 18).

The fair value of these acquired intangible assets is based on valuation techniques. The valuation models require input based on assumptions about the future. The management uses its best knowledge to estimate fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired. The management must also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors such as increased competition.

Other estimates and assumptions include:

- Revenue recognition, namely allocation of consideration to different performance obligations
- Determining disposal groups held for sale and discontinued operations
- Provisions
- Number of share options that will vest under share options schemes
- Defined benefit pension scheme (see note 19)

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

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

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

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

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

31 January 2020	Central costs £'000	Geospatial £'000	Total £'000
Revenue	–	23,385	23,385
Cost of sales	–	(11,123)	(11,123)
Gross profit	**–**	**12,262**	**12,262**
Total administrative expenses	(1,826)	(11,974)	(13,800)
Adjusted EBITDA	(1,314)	4,540	3,226
Less: depreciation	–	(152)	(152)
Less: depreciation on right of use asset	–	(878)	(878)
Less: amortisation and impairment of intangible assets	–	(2,169)	(2,169)
Less: share-based payment charge	(130)	(268)	(398)
Less: strategic, integration and other irregular items	(382)	(785)	(1,167)
Total operating (loss)/profit	**(1,826)**	**288**	**(1,538)**
Finance income	–	40	40
Finance cost	(18)	(217)	(235)
Net finance cost	**(18)**	**(177)**	**(195)**
(Loss)/profit before tax	**(1,844)**	**111**	**(1,733)**
Tax	26	222	248
(Loss)/profit for the year	**(1,818)**	**333**	**(1,485)**
(Loss)/profit for the year attributable to:			
Equity holders of the Parent	**(1,818)**	**333**	**(1,485)**
	(1,818)	**333**	**(1,485)**

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

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

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

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

5. Segmental information (continued)

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

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

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

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

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

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

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

	2020 £'000	2019 £'000
United Kingdom	**7,793**	7,642
At a point in time	**1,650**	1,139
Over time	**6,143**	6,503
Europe	**11,259**	6,325
At a point in time	**2,160**	1,085
Over time	**9,099**	5,240
United States	**2,250**	1,964
At a point in time	**864**	548
Over time	**1,386**	1,416
Rest of World	**2,083**	1,693
At a point in time	**915**	671
Over time	**1,168**	1,022
	23,385	17,624

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

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

*This includes both Professional services revenue and Software development services.

6. (a) Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Wages and salaries	**11,789**	8,720
Social security costs	**2,034**	1,588
Other pension costs	**779**	494
Share-based payment charge	**398**	218
Staff costs including Executive Directors and compromise agreements	**15,000**	11,020
Depreciation of property, plant and equipment – owned assets	**152**	141
Lease depreciation	**878**	–
Amortisation and impairment of intangible assets	**2,169**	1,785
Net foreign exchange losses	**22**	200
Operating lease payments	**92**	464
Research activities expensed	**2,004**	1,338
Auditors' remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	219	123
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries	5	5
– Services relating to corporate finance transactions entered into, or proposed to be entered into, by the Company or any of its associates.	–	27
– Other Services	11	5

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

	2020 Total	2019 Total
Software developers	**121**	58
Consulting	**75**	46
Sales and marketing	**31**	23
Administration	**27**	27
Support	**12**	11
Directors	**2**	2
	268	167

6. (c) Directors' emoluments

Details of individual Executive Directors' remuneration for the year are as follows:

	Emoluments £'000	Pension contributions £'000	**Total 2020 £'000**	Emoluments £'000	Pension contributions £'000	Total 2019 £'000
C Milverton	222	21	**243**	255	26	281
N Payne	98	7	**105**	105	6	111
	320	28	**348**	360	32	392

No bonuses are included in directors' emoluments above for the year ended 31 January 2020 (2019: £90,000).

No Directors were accruing benefits under a defined benefit pension scheme at the end of the current or prior year and no Directors exercised share options in either the current or prior year. The highest paid director in the current year was C Milverton (2019: C Milverton).

Details of options for Directors who served during the year are as follows:

		Scheme		
	1 February 2019 and 31 January 2020 Number	EMI share option Number	Executive unapproved share option Number	Exercise price
C Milverton	**659,368**	537,632	121,736	0p
C Milverton	**769,793**	–	769,793	46.5p
N Payne	**118,548**	118,548	–	0p
N Payne	**107,967**	107,967	–	46.5p
	1,655,676	**764,147**	**891,529**	

Details of the share option schemes in the table above are included in note 23. The share option charge in the year relating to Directors is £130,000 (2019: £53,000).

Details of individual Non-Executive Directors' fees for the year are as follows:

	2020 £'000	2019 £'000
A Roberts	**91**	96
F Small	**41**	40
P Massey	**41**	25
N Habgood (resigned 14 March 2018)	**–**	11
	173	172

There are no other personnel that meet the definition of key management personnel under IAS 24, other than the Directors and the total remuneration for the year ended 31 January 2020 totalled £713,000 (2019: £617,000) comprising of £555,000 (2019: £532,000) for short-term employee benefits; £28,000 (2019: £32,000) for employer pension contributions and £130,000 (2019: £53,000) for share-based payments.

7. Strategic, integration and other irregular items

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

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

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

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

8. Finance income and costs

	2020 £'000	2019 £'000
Finance income		
Bank interest receivable	40	7
Foreign exchange gains on intercompany funding	–	1
	40	8
Finance costs		
Interest expense		
– Bank borrowings	(45)	(43)
– Bank charges	(24)	(146)
– Interest cost on defined benefit pension obligation	(16)	(9)
Lease interest	(116)	–
Foreign exchange losses on intercompany funding	(34)	(1)
	(235)	(199)
Net finance cost	(195)	(191)

9. Income tax credit

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on income for year	**(212)**	(156)
Foreign tax	**(6)**	33
Adjustments in respect of prior years	**48**	(194)
Total current tax	**(170)**	(317)
Deferred tax (note 20)		
Origination and reversal in temporary differences	**(78)**	(195)
Adjustments in respect of prior years	**–**	123
Total deferred tax	**(78)**	(72)
Total tax credit	**(248)**	(389)

Factors affecting the tax credit for the year:

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

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

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

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

10. Intangible assets including goodwill

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

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

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

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

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

Impairment tests for goodwill

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

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

Basis for calculation of recoverable amount

The Group has prepared, and formally approved, a five-year plan for each CGU. The detailed plan put together by the management team and the Board makes estimates for revenue and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work and has been prepared in accordance with IAS 36, 'Impairment of Assets'.

The key assumptions used in the value in use calculations were the pre-tax discount rates applied (17.1% for the 1Spatial CGU and 16.8% for the 1Spatial Europe CGU) and the growth assumptions for each CGU. In the 1Spatial CGU, growth in sales and corresponding costs for the year ending 31 January 2021 has been forecast at 14% and 12% respectively. Growth is forecast at 8% for the following three years, 5% in year four and 2% thereafter. The 1Spatial Europe CGU has forecast growth in sales and corresponding costs for the year ending 31 January 2021 of 8% and 15% respectively. Growth is forecast at 6% for the following three years, 4% in year four and 2% thereafter.

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

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

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

11. Property, plant and equipment

	Leasehold property improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 February 2019	362	11	1,058	1,431
Arising on acquisition	38	–	109	147
Additions	–	–	98	98
Disposal	–	–	(33)	(33)
Exchange adjustment	(17)	(1)	(10)	(28)
At 31 January 2020	**383**	**10**	**1,222**	**1,615**
Accumulated depreciation				
At 1 February 2019	203	11	932	1,146
Charge for the year	40	–	112	152
Disposal	–	–	(33)	(33)
Exchange adjustment	(14)	(1)	(9)	(24)
At 31 January 2020	**229**	**10**	**1,002**	**1,241**
Net book amount at 31 January 2020	**154**	**–**	**220**	**374**

	Leasehold property improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 February 2018	362	12	970	1,344
Additions	–	–	94	94
Exchange adjustment	–	(1)	(6)	(7)
At 31 January 2019	362	11	1,058	1,431
Accumulated depreciation				
At 1 February 2018	171	12	828	1,011
Charge for the year	32	–	109	141
Exchange adjustment	–	(1)	(5)	(6)
At 31 January 2019	203	11	932	1,146
Net book amount at 31 January 2019	159	–	126	285

Depreciation expense on continuing operations of £152,000 (2019: £141,000) has been charged in administrative expenses.

12. Trade and other receivables

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

Below is a reconciliation of the movement in accrued income:

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

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

At 31 January 2020, trade receivables of £3,681,000 (2019: £1,844,000) were fully performing. The Group has provided fully for all receivables which are not considered recoverable. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

At 31 January 2020, trade receivables of £1,262,000 (2019: £683,000) were past due but not impaired. The ageing analysis of these customers is set out below. There has been no change in the credit quality of these balances; they relate to customers where there is no history of default and are still considered fully recoverable.

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

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

The ageing of these receivables is as follows:

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

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

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

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

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

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

13. Cash and cash equivalents

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

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

14. Discontinued operations

Enables IT Inc.

Enables IT Inc. was sold on 3 March 2017, to the management of the company for deferred cash consideration of £100,000 due in instalments between March 2019 and December 2019. Its results were as follows:

	2020 £'000	2019 £'000
Revenue	–	–
Expenses	–	(100)
Loss before tax of discontinued operations	–	(100)
Tax	–	–
Loss after tax of discontinued operations	–	(100)
Pre-tax result recognised on re-measurement of asset of disposal group	–	–
Tax	–	–
After tax result recognised on the re-measurement of assets of disposal group	–	–
Loss for the year from discontinued operations	–	(100)

Storage Fusion Limited

Storage Fusion Limited's trade was discontinued in December 2016. Its results were as follows:

	2020 £'000	2019 £'000
Revenue	–	–
Expenses	–	(7)
Loss before tax of discontinued operations	–	(7)
Tax	–	–
Loss after tax of discontinued operations	–	(7)
Pre-tax result recognised on re-measurement of assets of disposal group	–	–
Tax	–	–
After tax result recognised on the re-measurement of assets of disposal group	–	–
Loss for the year from discontinued operations	–	(7)

15. Bank borrowings

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

16. Trade and other payables

Current	2020 £'000	2019 £'000
Trade payables	**2,143**	1,439
Other taxation and social security	**2,477**	1,766
Other payables	**996**	441
Accrued liabilities	**905**	621
Deferred income	**4,918**	3,634
	11,439	7,901

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

Below is a reconciliation of the movement in deferred income:

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

17. Leases under IFRS 16

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

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

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

The change in accounting policy altered specific items in the balance sheet on 1 February 2019 as shown below:

- Right of use assets – increased by £1,661,000
- Lease liabilities – increased by £1,661,000

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

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

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

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

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

Amounts recognised in profit or loss:

Depreciation charge of right of use assets

	2020 £'000	2019 £'000
Buildings	759	–
Cars	92	–
Others	27	–
	878	–

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

18. Business combinations

2020

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

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

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

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

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

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

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

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

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

Fair values of assets and liabilities at the date of acquisition:

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

Satisfied by:	
– Majority Cash Consideration – on completion (€4,433,137)	3,823
– Cash Consideration – First Instalment – on completion (€700,000)	604
– Deferred cash consideration – Second Instalment 13 months following completion (€711,375)	613
– Equity instruments – on completion (1,902,686 ordinary shares of 1Spatial plc)	626
– Equity instruments (ordinary shares of 1Spatial plc to the value of €440,540)	380
Total consideration transferred	**6,046**
Cash consideration on completion	4,427
Less: cash and cash equivalents acquired	(2,276)
Net cash outflow arising on completion	**2,151**
Deferred cash consideration	613
Net cash purchase consideration	**2,764**

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

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

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

19. Pension obligations

Defined benefit pension

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

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

– For service up to 5 years: nil

– For service beyond 5 years: 1 month's basic salary plus 1/5 of a month's basic salary per year of service beyond 5 years

All permanent employees are covered by this scheme. The normal retirement age in France is 62 (62 in 2019). Benefit rights do not vest before the normal retirement age.

The scheme is not externally funded through an insurance contract.

The risks of the scheme are as follows:

(a) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities.

(b) Life expectancy

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

(c) Inflation risk

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

Notes to the financial statements (continued)

For the year ended 31 January 2020

A comprehensive actuarial valuation of the Company pension scheme, using the projected unit basis, was carried out at 31 January 2020 and 31 January 2019 by independent consulting actuaries. The valuations at those dates are based on the following assumptions:

	2020	2019
Expected rate of salary increases	**2.00%**	2.00%
Discount rate	**0.5%**	1.50%
Rate of inflation	**2.00%**	2.00%
Retirement age – management	**65**	65
Retirement age – others	**63**	63

Annual staff turnover rates are as follows:

	2020	2019
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 3.50 (2019: 1.48) resignations over the next 12 months.

Reconciliation of scheme liabilities:

	2020 **£'000**	2019 £'000
At 1 February	**(677)**	(635)
Acquired in the year	**(751)**	–
Current service cost	**(72)**	(35)
Interest expense	**(16)**	(9)
Re-measurement gains	**54**	–
Exchange difference	**45**	2
At 31 January	**(1,417)**	(677)

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

2020	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 3.1%	Increase of 3.0%

2019	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease of 2.7%	Increase of 2.7%

Total cost recognised as an expense:

	2020 £'000	2019 £'000
Current service cost – within administrative expenses	72	35
Interest cost – within finance costs	16	9
	88	44

The amount recognised in other comprehensive income is:

	2020 £'000	2019 £'000
Re-measurement gains	(54)	–
Deferred tax on re-measurements	14	–
	(40)	–

Based on the demographic data and assumptions at 31 January 2020, a valuation was performed of the benefit expense for the financial year to 31 January 2021 and the projections are shown below:

	£'000
Current services cost	(81)
Total service cost	(81)
Interest cost	(7)
Total net interest on defined benefit (liability)/asset	(7)
Total Defined Benefit cost for the year to 31 January 2021	**(88)**

The expected benefit payments over the next 10 years are shown below:

	£'000
FY21	29
FY22	23
FY23	–
FY24	50
FY25	125
FY26-FY30	626

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 these contributions was £435,000 (2019: £459,000) and the Group expects to recognise £450,000 in the year ending 31 January 2021.

20. Deferred tax

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

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

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable benefits is probable. The Group did not recognise deferred tax assets of £3,859,000 (2019: £2,949,000) in respect to losses amounting to £18,442,000 (2019: £14,771,000) that can be carried forward against future taxable income, on the grounds that their utilisation is not probable.

The deferred tax balance is analysed as follows:

	Deferred tax asset £'000	Deferred tax liability £'000	Total £'000
Recoverable within 12 months	–	306	306
Recoverable after 12 months	–	1,170	1,170
Settled within 12 months	(44)	–	(44)
Settled after 12 months	(753)	–	(753)
	(797)	1,476	679

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

Allotted and fully paid	2020 Number	2019 Number
Ordinary shares of 10p each	110,805,795	99,031,889
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

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

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

For details of the Group's share option scheme, refer to note 23.

Own shares

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

22. 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 in existence at the reporting date. The equity-settled employee benefits reserve also includes the fair value adjustment in respect of warrants issued in previous years. For further detail see note 23.

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. There was an increase in the current year of £435,000 to the merger reserve through the acquisition of Geomap-Imagis.

Reverse acquisition reserve

The reverse acquisition reserve is created in accordance with IFRS 3, ‘Business combinations’. The reverse acquisition reserve arose during the year ended 31 January 2010 due to the elimination of certain costs in respect of the legal parent (1Spatial plc formerly Avisen Plc and Z Group Plc) and the legal subsidiary (Avisen Group Limited). Since the shareholders of Avisen Group Limited became the majority shareholders of the enlarged Group, the acquisition is accounted for as though there is a continuation of the legal subsidiary’s financial statements. In reverse acquisition accounting, the business combination’s cost is deemed to have been incurred by the legal subsidiary.

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.

23. Share-based payments

The total charge for the year relating to share-based payment plans was £398,000 (2019: £218,000).

Following a consultation with a number of major shareholders, the Group established a new 1Spatial employee share plan (the "New Plan") on 4 September 2018 to incentivise management and employees to deliver long-term value creation and align their interests with those of the Company's shareholders. In order to benefit from grants under the New Plan, to the extent employees and management held options granted under the Company's previous share options plans (the EMI Share Option Plan and the Executive Unapproved Share Option Plan, both introduced in 2010, being the "Existing Plans"), individuals were required to surrender and waive their rights to existing share options.

Since the new share options (at the grant date of the new share options) were identified as a replacement for the cancelled share options, the principles of modification accounting in accordance with IFRS 2 paragraph 28(c) are applied. To apply modification accounting, the Company identifies the new share options granted as a replacement for cancelled share options on the date on which the new share options are issued. When modification accounting is applied, the Company accounts for any incremental fair value in addition to the grant-date fair value of the original award. In the case of a replacement, the incremental fair value is the difference between the fair value of the replacement award and the net fair value of the cancelled award, both measured at the date on which the replacement award is issued. The "net fair value" is the fair value of the cancelled award measured immediately before the cancellation, less any payment made to the employees on cancellation. In relation to the original award, the amount that would otherwise have been recognised for services over the remainder of the vesting period is accelerated and immediately recognised.

Awards under the New Plan ("Potential Awards") are structured as;

(a) options to acquire Ordinary Shares with an exercise price equal to the closing market price of the Ordinary Shares on the day prior to the date of grant ("Options"); and

(b) long-term incentive plan awards (" LTIP Award "), being options exercisable, or options to acquire Ordinary Shares for nil consideration.

Option Awards

Options with an exercise price per share of £0.465 were granted over a total of 5,216,301 Ordinary Shares. Such Options were granted to certain employees, members of the senior management team and to the Executive Directors of the Company. Generally, Options will vest as to 25% of the shares subject to the Option on the second anniversary of the date of grant, as to a further 25% of the Ordinary Shares on the third anniversary of the date of grant and as to the balance on the fourth anniversary of the date of grant. Options granted to employees outside of the UK may, in order to benefit from tax favourable treatment, vest in equal tranches on the third and fourth anniversaries of the date of grant.

LTIP Awards

In addition, the Remuneration Committee has discretion as to vesting conditions and holding periods in respect of Potential Awards, however with respect to the initial awards, it is expected that LTIP Awards will vest in full on the third anniversary of the date of grant and be subject to an additional one year holding period, with vesting subject to the achievement of the Group's adjusted EBITDA and share price performance targets over the three year period from the date of grant to vesting. 50% of the shares subject to an LTIP Award are subject to EBITDA growth targets and the remaining 50% of the shares are subject to a share price target. In relation to the initial grant of the LTIP Awards, the following conditions applied:

- 50% of the shares subject to the EBITDA target will vest if the adjusted EBITDA for the year ending 31 January 2021 (the "2021 EBITDA") exceeds £2m, 75% of such shares will vest if the 2021 EBITDA exceeds £2.5m and 100% of such shares will vest if the 2021 EBITDA exceeds £3m; and

- 50% of the shares subject to the share price target will vest if the share price following the Company's Annual General Meeting in 2021 (expected to be the end of May 2021) (the "2021 Share Price") exceeds £0.80, 75% of such shares will vest if the 2021 Share Price exceeds £1.00 and 100% of such shares will vest if the 2021 Share Price is £1.20 or more.

The reconciliation of options over the year to 31 January 2020 is shown below:

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding brought forward	7,063,196	34.3p	2,756,022	54.9p
Granted during the year	–	–	7,063,196	34.3p
Cancelled during the year	–	–	(2,469,985)	53.0p
Forfeited during the year	(1,242,185)	28.8p	(286,037)	71.2p
Outstanding carried forward	5,821,011	35.5p	7,063,196	34.3p
Exercisable as at 31 January	–	–	–	–

The weighted average remaining contractual life of share options outstanding at the end of the year was 8.6 years (2019: 9.6 years). The exercise prices of the outstanding options range between 0p and 46.5p.

24. Earnings/(loss) per ordinary share

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

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

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

	2020 Pence	2019 Pence
Basic loss per share	(1.37)	(1.97)
– from continuing operations	(1.37)	(1.65)
– from discontinued operations	–	(0.31)
Diluted loss per share	(1.37)	(1.97)
– from continuing operations	(1.37)	(1.65)
– from discontinued operations	–	(0.31)
Basic adjusted EBITDA per share	2.97	1.06
– from continuing operations	2.97	1.37
– from discontinued operations	–	(0.31)
Diluted adjusted EBITDA per share	2.93	1.06
– from continuing operations	2.93	1.37
– from discontinued operations	–	(0.31)

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

25. Commitments

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

Operating lease commitments

	2020 £'000	2019 £'000
No later than one year	2	658
Later than one year but no later than five years	–	182
Later than five years	–	–
	2	840

Operating lease payments in this note represent rentals payable by the Group for any of its items that are not recognised under IFRS 16. These are made up smaller leases which are less than twelve months, specifically photocopiers in both the UK and French offices. All other leases are detailed in note 17.

26. Contingent liabilities

The Group has given performance guarantees on contracts as follows:

	2020 £'000	2019 £'000
Euro	119	122
Moroccan dirham	39	39
Tunisian dinar	3	2
Total utilised	161	163
Total available	352	67

27. Related-party transactions

(a) Key management compensation

The only key management personnel of the Group are the Directors. Details of the compensation of the key management personnel are disclosed in note 6(c) to the financial statements.

(b) Controlling party

There is no one party which controls the Group.

(c) Company and subsidiary

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

28. Subsidiaries and associates of the Group as at 31 January 2020

<table>
<tr><th></th><th>Description and proportion of share capital held by 1Spatial plc</th><th>Description and proportion of share capital held by Group</th><th>Country of incorporation or registration</th><th>Nature of business</th><th>Registered office address</th></tr>
<tr><td>1Spatial Holdings Limited</td><td>Ordinary 100%</td><td>–</td><td>England & Wales</td><td>Holding Company</td><td>Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK</td></tr>
<tr><td>1Spatial Inc.</td><td>–</td><td>Ordinary 100%</td><td>United States</td><td rowspan="12">Location-based software development and consultancy</td><td>8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA</td></tr>
<tr><td>1Spatial Group Limited</td><td>–</td><td>Ordinary 100%</td><td>England & Wales</td><td>Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK</td></tr>
<tr><td>Aon Spásúil Limited</td><td>–</td><td>Ordinary 100%</td><td>Ireland</td><td>c/o Roberts Nathan LLP, First Floor, 11 Exchange Place, International Financial Services Centre, Dublin 1, Ireland</td></tr>
<tr><td>1Spatial Australia Pty Limited</td><td>–</td><td>Ordinary 100%</td><td>Australia</td><td>c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia</td></tr>
<tr><td>1Spatial Belgium SA</td><td>Ordinary 100%</td><td>–</td><td>Belgium</td><td>13, Clos Chanmurly, 4000, Liège, Belgium</td></tr>
<tr><td>1Spatial France SAS</td><td>–</td><td>Ordinary 100%</td><td>France</td><td>Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France</td></tr>
<tr><td>Geomap-Imagis SAS</td><td>–</td><td>Ordinary 100%</td><td>France</td><td>8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes</td></tr>
<tr><td>Geomap-Imagis Participations SAS</td><td>–</td><td>Ordinary 100%</td><td>France</td><td>8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes</td></tr>
<tr><td>Groupe-Imagis SAS</td><td>–</td><td>Ordinary 100%</td><td>France</td><td>8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes</td></tr>
<tr><td>Geomap SAS</td><td>–</td><td>Ordinary 100%</td><td>France</td><td>48, Avenue Lac Du Bourget, 73370, Le Bourget Du Lac, 352 047 997</td></tr>
<tr><td>SARL Imagis-Tunisie</td><td>–</td><td>Ordinary 100%</td><td>Tunisia</td><td>75, Avenue Khaireddine, Pacha, Tunis, 1073, Tunisia</td></tr>
<tr><td>DMR Production</td><td>–</td><td>Ordinary 100%</td><td>Tunisia</td><td>75, Avenue Khaireddine, Pacha, Tunis, 1073, Tunisia</td></tr>
<tr><td>Sitemap Ltd</td><td>Ordinary 100%</td><td>–</td><td>England & Wales</td><td rowspan="2">Location-based software
IT business service assurance solutions</td><td>Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK</td></tr>
<tr><td>Storage Fusion Limited</td><td>Ordinary 100%</td><td>–</td><td>England & Wales</td><td>Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK</td></tr>
<tr><td>1Spatial US Inc.</td><td>Ordinary 100%</td><td>–</td><td>United States</td><td>Dormant</td><td>c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA</td></tr>
</table>

Post balance sheet events

COVID-19

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

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

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

However; due to the uncertainty created by COVID-19, the decision was taken to create a working capital model ("COVID-19 budget") focused on the potential impacts of COVID-19 and the actions that the Board can take to mitigate those impacts. The Board has concluded, based on the COVID-19 budget and sensitivity analysis performed, as well as on the government assistance and bank loans obtained after 31 January 2020 (see below), that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Government assistance

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

Bank loans

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

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

Company statement of financial position

As at 31 January 2020

Registered company number (England): 5429800

	Note	2020 £'000	2019 £'000
Assets			
Fixed assets			
Investments	5	**19,378**	7,200
Total fixed assets		**19,378**	7,200
Current assets			
Trade and other receivables	6	**10,425**	7,878
Cash and cash equivalents	7	**217**	3,542
Total current assets		**10,642**	11,420
Liabilities			
Current liabilities			
Trade and other payables	8	**(1,351)**	(1,785)
Provisions	9	**–**	(43)
Deferred consideration	10	**(599)**	–
Total current liabilities		**(1,950)**	(1,828)
Non-current liabilities			
Deferred consideration	10	**(370)**	–
Total non-current liabilities		**(370)**	–
Total liabilities		**(2,320)**	(1,828)
Net assets		**27,700**	16,792
Shareholders' equity			
Share capital	12	**20,150**	18,971
Share premium account	12	**30,479**	28,661
Own shares held	12	**(303)**	(303)
Share-based payments reserve		**3,971**	3,573
Merger reserve		**16,466**	16,031
Currency translation reserve		**(125)**	(125)
Accumulated losses (of which profit for the year was £7,078,000 (2019: loss of £1,610,000))		**(42,938)**	(50,016)
Total equity		**27,700**	**16,792**

The financial statements on pages 103 to 114 were approved and authorised for issue by the Board on 10 June 2020 and signed on its behalf by

N Payne
Director

Company statement of changes in equity

For the year ended 31 January 2020

£'000	Share capital	Share premium account	Own shares held	Share-based payments reserve	Merger reserve	Currency translation reserve	Acc-umulated losses	Total equity
Balance at 1 February 2018	16,705	22,931	(303)	3,355	16,031	(125)	(48,406)	10,188
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(1,610)	(1,610)
Total comprehensive loss	–	–	–	–	–	–	(1,610)	(1,610)
Transactions with owners								
Issue of share capital, net of share issue costs (note 12)	2,266	5,730	–	–	–	–	–	7,996
Recognition of share-based payments	–	–	–	218	–	–	–	218
	2,266	5,730	–	218	–	–	–	8,214
Balance at 31 January 2019	18,971	28,661	(303)	3,573	16,031	(125)	(50,016)	16,792
Comprehensive loss								
Profit for the year	–	–	–	–	–	–	7,078	7,078
Total comprehensive profit	–	–	–	–	–	–	7,078	7,078
Transactions with owners								
Issue of share capital, net of share issue costs (note 12)	1,179	1,818	–	–	435	–	–	3,432
Recognition of share-based payments	–	–	–	398	–	–	–	398
	1,179	1,818	–	398	435	–	–	3,830
Balance at 31 January 2020	**20,150**	**30,479**	**(303)**	**3,971**	**16,466**	**(125)**	**(42,938)**	**27,700**

Notes to the Company financial statements

For the year ended 31 January 2020

1. Summary of significant accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on industry experience and various other factors that are believed to be reasonable under the circumstances.

The Directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The estimates and assumptions relating to the carrying value of investments have a significant risk of causing a material adjustment in the next financial year. Refer to note 5 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 cashflows'
- 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 profit attributable to members of the company for the year ended 31 January 2020 is £7,078,000 (2019: loss of £1,610,000).

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 and likely income 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.

Interest income

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

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 are based on management assumptions about the risk of default and expected loss rates. Management has made estimations in making these assumptions and inputs to the impairment calculations which are based on history, external conditions and forward looking scenarios.

Cash and cash equivalents

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

Trade payables

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

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Foreign currency

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

Employee pensions

The Company operates a stakeholder pension plan for which all employees are eligible. No employees have as yet joined the scheme.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Share capital

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

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Company holds investments in group undertakings with a carrying value of £19,378,000. The key assumptions concerning the carrying value of the investment in subsidiaries have been set out in note 5.

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 2, 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 2020 and 31 January 2019, there was no significant foreign exchange currency exposure to the Company.

Borrowing facilities

The Company has no overdraft facility (2019: £nil) at the reporting date to support working capital requirements.

2. Directors' emoluments

Details of Directors' emoluments borne by the Company are disclosed in note 6(c) of the consolidated financial statements. This includes details of the highest paid Director.

3. Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Wages and salaries	394	483
Social security costs	66	63
Other pension costs	34	39
Share-based payment charge	130	53
Staff costs including Executive Directors and compromise agreements	624	638

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

	2020	2019
Directors	2	2
Administration	2	2
	4	4

5. Investments

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2019	35,015
Additions	6,371
Capital contribution to subsidiaries	268
At 31 January 2020	**41,654**
Accumulated amounts provided	
At 1 February 2019	27,815
Impairment reversal	(5,539)
At 31 January 2020	22,276
Net book amount	
At 31 January 2020	19,378
At 31 January 2019	7,200

	Total £'000
Shares in group undertakings	
Cost	
At 1 February 2018	33,067
Additions	1,783
Capital contribution to subsidiaries	165
At 31 January 2019	35,015
Accumulated amounts provided	
At 1 February 2018	22,989
Impairment	4,826
At 31 January 2019	27,815
Net book amount	
At 31 January 2019	7,200
At 31 January 2018	10,078

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 addition in the year relates to the acquisition of the Geomap-Imagis group.

The recoverable amount of the investments held is determined from value in use calculations for each 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. In previous years, the carrying value of the Company's investment in 1Spatial Belgium SA was impaired. In the current year, the Directors have reassessed the value in use of the Company's investment in its Belgian subsidiary, resulting in a partial reversal of the impairment. Details of the assumptions used are provided in note 10 to the consolidated financial statements.

6. Trade and other receivables

	2020 £'000	2019 £'000
Current		
Amounts owed by group undertakings	**10,188**	7,598
Taxation and social security	**27**	10
Other receivables	**110**	111
Prepayments and accrued income	**100**	159
	10,425	7,878

The fair value of trade and other receivables is consistent with their book values. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**217**	3,542

8. Trade and other payables

	2020 £'000	2019 £'000
Current		
Amounts owed to group undertakings	**907**	965
Trade payables	**181**	124
Taxation and social security	**26**	263
Other payables	**27**	–
Accrued liabilities	**210**	433
	1,351	1,785

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.

9. Provisions

	Total £'000
At 1 February 2019	43
Released (unused) in the year	(43)
At 31 January 2020	**–**

Restructuring provision

The restructuring provision represented the cost of employee terminations and was classified as a provision as there was uncertainty over the timing and amount of settlement of the future obligation.

10. Deferred consideration

Disclosures in relation to the deferred consideration that arose in the year on the acquisition of the Geomap-Imagis group are made in note 18 to the consolidated financial statements.

11. Share-based payments

Disclosures in relation to the share options in issue are made in note 23 to the consolidated financial statements.

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

	2020 Number	2019 Number
Allotted and fully paid		
Ordinary shares of 10p each	110,805,795	99,031,889
Deferred shares of 4p each	226,699,878	226,699,878

Rights of shares

Ordinary shares

The ordinary shares all rank pari passu, have the right to participate in dividends and other distributions made by the Company, and to receive notice of, attend and vote at every general meeting of the Company. On liquidation, ordinary shareholders are entitled to participate in the assets available for distribution pro rata to the amount credited as paid up on such shares (excluding any premium).

Deferred shares

The deferred shares do not carry voting rights or a right to receive a dividend. The holders of deferred shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. The deferred shares will also be incapable of transfer (other than to the Company). In addition, holders of deferred shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares has received a payment of £1,000,000 in respect of each ordinary share. Accordingly, the deferred shares will have no economic value. No application will be made for the deferred shares to be admitted to trading on AIM nor to trading on any other stock or investment exchange.

Notes to the Company financial statements (continued)

For the year ended 31 January 2020

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

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

Own shares

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

Prior to the share consolidation on 21 August 2018 of every 10 existing ordinary shares of 1 penny each into one consolidated ordinary share of 10 pence each, the number of own shares was 3,196,356. Following the share consolidation, the number of own shares is 319,635.

Notes to the Company financial statements (continued)

For the year ended 31 January 2020

13. Subsidiaries and associates of the Company as at 31 January 2020

	Description and proportion of share capital held by 1Spatial plc	Description and proportion of share capital held by Group	Country of incorporation or registration	Nature of business	Registered office address
1Spatial Holdings Limited	Ordinary 100%	–	England & Wales	Holding Company	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial Inc.	–	Ordinary 100%	United States		8614 Westwood Center Drive, Suite # 450, Vienna, VA 22182, USA
1Spatial 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
1Spatial Australia Pty Limited	–	Ordinary 100%	Australia		c/o Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
1Spatial Belgium SA	Ordinary 100%	–	Belgium	Location-based software development and consultancy	13, Clos Chanmurly, 4000, Liège, Belgium
1Spatial France SAS	–	Ordinary 100%	France		Immeuble AX02, 23-25 avenue Aristide Briand, 94110, Arcueil, France
Geomap-Imagis SAS	–	Ordinary 100%	France		8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes
Geomap-Imagis Participations SAS	–	Ordinary 100%	France		8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes
Groupe-Imagis SAS	–	Ordinary 100%	France		8, Biz Rue Guizot, 402 037 964 R.C.S., Nimes
Geomap SAS	–	Ordinary 100%	France		48, Avenue Lac Du Bourget, 73370, Le Bourget Du Lac, 352 047 997
SARL Imagis-Tunisie	–	Ordinary 100%	Tunisia		75, Avenue Khaireddine, Pacha, Tunis, 1073, Tunisia
DMR Production	–	Ordinary 100%	Tunisia		75, Avenue Khaireddine, Pacha, Tunis, 1073, Tunisia
Sitemap Ltd	Ordinary 100%	–	England & Wales	Location-based software	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
Storage Fusion Limited	Ordinary 100%	–	England & Wales	IT business service assurance solutions	Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ, UK
1Spatial US Inc.	Ordinary 100%	–	United States	Dormant	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

Notes to the Company financial statements (continued)

For the year ended 31 January 2020

14. 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 2020. 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 2020. 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 £78,000 (2019: £106,000).

15. Post balance sheet events

COVID-19

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

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

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

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

Company Information

Directors

C Milverton	Chief Executive Officer
N Payne	Chief Financial Officer
A Roberts	Non-Executive Chairman
F Small	Non-Executive Director
P Massey	Non-Executive Director

Telephone

+44(0) 1223 420 414

Company secretary

Ms Susan Margaret Wallace
118 Pall Mall
London
England, SW1Y 5ED

Company number

5429800

Registered address

Tennyson House
Cambridge Business Park, Cowley Road
Cambridge, CB4 0WZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Maurice Wilkes Building
St. John's Innovation Park
Cambridge, CB4 0DS

Bankers

Natwest Plc
1st Floor, Rapid House
40 Oxford Road
High Wycombe
Buckinghamshire, HP11 2EE

Nominated adviser and Broker

N+1 Singer
One Bartholomew Lane
London, EC2N 2AX

Legal adviser

Charles Russell Speechlys LLP
5 Fleet Place
London, EC4M 7RD

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

Perivan 257997


1spatial.com