14 October 2019

1Spatial plc (AIM: SPA)

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

Interim Results for the six-month period ended 31 July 2019

Continued strategic progress – confident on delivering full year results

Highlights

- Good progress during the period, with underlying growth in existing Solutions business, completion of strategic acquisition Geomap-Imagis ("GI") and further investment in its strategic cloud-based SaaS platform
- Acquisition of GI in France for £6m coupled with the signing of a significant global commercial partnership agreement with Esri Inc. The acquisition, partly funded by an oversubscribed placing of £2.9m, is immediately earnings-enhancing and integrating well.
- Adjusted EBITDA at £1.7m, an increase of 170% YoY (including 3 months of GI post-acquisition results and IFRS 16 'Leases' adjustments)
- Development of strategic multi-tenancy cloud-based SaaS platform for LMDM Application Services
- As a result we are confident of delivering full year results in line with expectations

	Half-year to 31 July 19 £m	Half-year to 31 July 18 £m	variance £m	variance %
Continuing operations				
Revenue	10.9	8.8	2.1	23%
Gross profit	5.7	4.6	1.1	25%
Adjusted* EBITDA	1.7	0.6	1.1	170%
Operating loss	(0.6)	(0.7)	0.1	(14%)
Loss after tax	(0.6)	(0.6)	0.0	9%
Continuing operations on a like-for-like ("LFL") basis				
Revenue – existing business	8.9	8.8	0.1	1%
Revenue – acquisition (3 months)	2.0	-		
Total revenue	**10.9**	**8.8**		
Adjusted* EBITDA – existing business	0.8	0.6	0.2	25%
Adjusted* EBITDA – acquisition (3 months)	0.5	-		
Adjusted* EBITDA impact of IFRS 16 'Leases'	0.4	-		
Total Adjusted EBITDA	**1.7**	**0.6**		

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

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

"*Today's results demonstrate that 1Spatial is coming to the end of the three-year turnaround phase of our vision for the business. We have improved visibility of recurring revenues and growth in profits. We are improving our technology and customer service proposition, and the acquisition of GI coupled with the significant commercial partnership with Esri has allowed us to align our French & Belgian business to the rest of the group, thereby executing on one of the last major strategic issues of the turnaround.*

Looking forward we believe the future is extremely exciting. We are looking to accelerate growth, improve our customer proposition and invest in repeatable spatial solutions. Our goal is to become a market leader in Location Master Data Management through our strategic cloud-based SaaS platform. The platform we have now laid provides the Company with opportunities perfectly suited to our heritage and innovation abilities, providing significant potential for accelerating growth."

Financial highlights

Revenues

- Higher-quality revenues:
  - Strategic shift from perpetual revenues in prior half-year to term revenues
  - Good visibility on future results with over 43% of run-rate revenue now recurring with both a strong pipeline and a significant order backlog at 31 July 2019
- Revenue growth in existing business of £0.1m despite strategic shift from perpetual to term licencing. The revenue can be split into two streams as follows:
  - Core spatial Solutions revenues of £6.4m (72% of total existing business revenue) increased by £0.5m (8%) – progress in all geographies
  - Non-core GIS (Geographic Information System) revenues of £2.5m (28% of total existing business revenue) decreased by £0.4m (13%) in line with management expectations, and will transition to Solutions revenues following the acquisition of GI
- 3-month revenue contribution from the acquisition of GI of £2m

Profitability

- Like-for-like Adjusted* EBITDA of £0.8m in existing business (both Solutions and GIS) in line with management's expectations for the half-year
- Significant contribution from GI acquisition to adjusted* EBITDA of £0.5m in the first 3 months.
- Operating loss improved by £0.1m to £0.6m despite an increased share-based payment charge for new share-based plans issued in September 2018, an increase in amortisation of intangible assets and one-off deal costs in relation to the acquisition of GI

Cash

- Cash and cash equivalents of £4m at 31 July 2019 with net cash of £3.3m
- £2.9m (net) raised from shareholders and £1.5m of own cash resources used to fund the initial acquisition payment for GI (£4.4m in total)
- Cash used in operations, including one-off deal costs for acquisition, of £1.8m
  - Operating cash outflow of £1.9m before strategic, integration and other exceptional items, reflecting our seasonal renewal cycle and a concentration of sales being delivered/closed in June/July with resulting cash being received in the second half
- In August and September 2019, €1.8m of bank loans were secured to provide additional working capital during seasonal cycles and support the integration phases of the French acquisition

Acquisition of Geomap-Imagis group

- Total consideration of £6m of which £4.4m paid in cash and £0.6m of shares issued upon completion in May 2019. A further £0.6m to be paid in cash 13 months following completion and £0.4m of shares to be issued in March 2023
- GI is a geospatial solutions company based in France and an Esri Gold partner. GI have a number of innovative solutions built on the Esri platform and a 4D infrastructure solution on their own platform
- The strategic acquisition supported the Global partner agreement that 1Spatial signed with Esri in May 2019, which provided a migration path for existing 1Spatial customers in France and Belgium as well as training on the Esri platform

Operational highlights

Continued investment in technology and multi-tenancy cloud-based SaaS platform to maintain our leading position in the industry

- Dedicated team focussed on the development of our strategic multi-tenancy cloud-based SaaS platform for Application Services including Location Master Data Management (LMDM)
- Continued development of our core solutions and consolidation of technology suite post-acquisition of GI

Spatial Solutions business

- Growth in Spatial Solutions business continued, driven by strategy of "land and expand" within the three key sectors of Government, Utilities and Transportation
- The integration of GI is on track, with initial cost synergies already actioned and taking effect. Additional cost and revenue synergies have been identified and the majority of these are expected to take effect from the start of the next financial year
- New significant customer wins in:
    - Government
        - France– Sale of Arcopole software solution to a number of local governments for €0.4m
        - UK and Ireland – software and services contract for £0.9m to support Ireland's Property Registration Authority ("PRA") with the digital transformation of its land records
        - UK – No1 Aeronautical Information Documents Unit ("No1 AIDU") contract for over £1m for software and services
    - Utilities
        - UK – Contract with Enterprise Innovation Centre for development of a proof of concept for our Traffic Management Plan Automation solution for £0.4m
        - France (GI*) – Sale of Telco network management solutions to Mont-Blanc Tunnel Company for €0.2m
    - Transportation
        - France (GI*) – Road and street management solutions to county councils for €0.4m
        - USA – Expansion contract with Caltrans (California Department of Transport) for US$0.4 to improve their Transport Asset Management database

**Sales made since acquisition by 1Spatial*

Post balance sheet events

- Significant contract wins across all geographies including a strategic win with the Greater London Authority on the London Underground Asset Register (LUAR) pilot contract, following a competitive tender process

- €1.8m of bank loans were secured in August and September 2019 providing additional working capital during seasonal cycles and supporting the integration phases of the French acquisition

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1Spatial

1Spatial is a technology-enabled solutions provider supplying vertically-focussed business applications to industry sectors where the accuracy of location and geospatial data is key. It is a global leader in managing geospatial data, with the goal to be a market leader in Location Master Data Management through its cloud-based SaaS platform.

1Spatial provides its customers with business-focussed applications where there is a reliance on location or geospatial data. It delivers real value by using its patented 1Integrate tool to ensure that the underlying data is current, complete and consistent using automated processes. This ensures that decisions are always based on the highest quality information available.

Our global clients include national mapping and land management agencies, utilities, transportation organisations, government departments, emergency services, defence and census bureaus.

Today – as location data from smartphones, the Internet of Things and great lakes of commercial Big Data increasingly drive commercial decision-making – our technology is used by a wide range of commercial and government organisations from utilities and transport businesses, to facilities management companies.

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

To find our more, visit www.1spatial.com

Half-year review

The first half has been a period of good progress for 1Spatial as we approach the end of our three-year turnaround plan announced in January 2017. In this plan, we set out to establish a strong financial and operational platform for the business, evidenced through improved cash generation, growing adjusted EBITDA and sustainable growth.

During the period, we addressed a key strategic issue for 1Spatial, in aligning our French and Belgian businesses with the rest of the Group as solutions providers. We entered into a new contract with global GIS provider Esri Inc. and we acquired an Esri-based solutions provider, Geomap-Imagis (GI). The Board believes this deal, in addition to aligning our French and Belgian business, represents a significant opportunity for the Group and there are several synergistic benefits still to come through, notwithstanding that GI made an Adjusted EBITDA profit of £0.5m on a standalone basis in the three months to July 2019.

Our existing Solutions business continues to progress well with improved underlying growth and a focus on quality of revenue with our strategic shift from perpetual licencing to term licencing.

Our strategy is to maintain strong profitable growth within our Solutions business in our target sectors of Government, Utilities and Transportation, with a longer-term goal of establishing a leading position in Location Master Data Management through our cloud-based SaaS platform. This platform started to take shape during the period with a dedicated team on the project and senior management focus. We anticipate that the first component will be available for general release by the end of the calendar year.

These half-year results demonstrate good progress against our strategic goals, and we are confident that we will meet market expectations for the full year.

Our strategy for growth

Innovative Spatial Solutions (77% of revenues)

1Spatial's growth strategy is to provide repeatable innovative spatial solutions to our blue-chip, international client base with a key focus around data management, quality and enhancement using our patented, rules-based technology, 1Integrate.

During the period, excluding the acquisition of GI group, Solutions revenues increased by 8% to £6.4m. The acquisition of GI in the period bought £2m of new revenues to the Group in the first 3 months following acquisition, which includes recurring licence and support and maintenance solutions as well as services. These revenues fit in our key sectors of Government, Utilities and Transportation and include solutions built on the market leading Esri platform.

Sectors and geographic spread

Our focus is the sale of our Geospatial solutions in three key sectors, being Government, Utilities and Transportation, operating across the UK & Ireland, USA, France & Belgium, and Australia.

Partners

We have a valuable partnership network with key operators in the Geospatial market to drive growth. Our own software architectures are 'Open' – allowing us to integrate our solutions with Esri, Open Source and other vendors' technology.

Following the recent acquisition of GI and the global deal with Esri, we will be building more solutions based on the Esri platform. Esri is the global market leader in geographic information system (GIS) software, location intelligence, and mapping. Building solutions on the Esri platform provides 1Spatial with greater market reach and access as well as ensuring customers have solutions which meet their business needs.

Technology

One of our key projects under the leadership of our Cambridge innovation team is the development of our multi-tenancy SaaS platform for Application Services including Location Master Data Management (LMDM). This ensures that the 1Spatial solutions, underpinned by our rules engine, are more accessible to our current and potential customers. Our first component of this platform is scheduled to be available by the end of this calendar year.

A core strategic benefit of the acquisition of GI was the chance to acquire an additional portfolio of technology. During the GI integration phase, we will continue to assess our technology portfolio to understand solutions which we can take to market globally or where there is a duplication of technology, which ones we will retire/invest in going forwards. 1Spatial's heritage is around management of data quality and we still seek to leverage this position going forward within our technology suite. Where possible we will be looking to ensure 1Integrate is part of our solution portfolio.

During the period we have also made good progress with other key projects including 3D, mobile and other innovative solutions in order to drive new customer conversion and support our "land and expand" strategy.

Geomap-Imagis – acquisition, integration and synergies

- In early May 2019, 1Spatial France acquired GI, a geospatial solutions company based in France and an Esri Gold partner. GI have a number of innovative solutions built on the Esri platform and a 4D infrastructure solution on their own platform. The strategic acquisition supported the Global partner agreement that 1Spatial signed with Esri in May 2019, which provided a migration path for existing 1Spatial customers in France and Belgium as well as training on the Esri platform. GI have experience in the same industry markets as 1Spatial (Government, Utilities and Transportation) and have a customer base of around 500. They have a 127-strong workforce, including a flexible offshore workforce in Tunisia. GI has strong recurring revenues and contributed £2m to revenue and £0.5m to adjusted* EBITDA in the first three months of ownership.

- A full integration plan was put together for the acquisition. This was split between Day 1 readiness, first 100 days and then 100 days to two years. The first 100 days have now been completed and all findings and integration work has been positive. Key actions that have taken place are – onsite introductions, team building, onsite functional audits, customer engagement, new organisational structure and confirmed target operating model. A key deliverable of the combined new French business and the rest of the Group is to develop global business applications on the Esri platform where a market need is identified in our key markets of government, utilities and transportation.

- There are a number of synergies arising from the acquisition that have already been identified and achieved and those that are planned for the next financial year. The synergies include both cost and revenue synergies. The revenue synergies are unlikely to impact the business until the next financial year. Training on the Esri platform for the 1Spatial team started in September 2019 and the kick-off meeting for technology innovation is planned for mid-October at the Esri Head office in Redlands, California.

The future

We now have a solid operating platform and much of the work we now need to do will be positioning ourselves for the future scalable growth. The majority of this will be in our key territories and also with respect to the potential growth with our cloud-based SaaS platform for Application Services including LMDM.

Financial performance

Revenue

Overall, total revenues are £10.9m, which includes £2m of GI revenues. Existing Group revenues therefore, were £8.9m, with organic growth of £0.1m (1%) on the previous period but, as noted, we split this into two revenue streams being Spatial Solutions and GIS. The GIS revenues are mainly from our existing French/Belgian business and as noted earlier in this report, we are looking to transition these revenues to Solutions revenues through the acquisition of GI. The split of Solution and GIS revenues is set out below:

- Spatial Solutions business (77% of revenue):
    - Revenues have grown by £0.5m (8%) on the prior period taking the revenues before GI to £6.4m, with progress in all territories. In particular, the underlying revenue in our US Solutions business* has increased by 75% from £0.6m to £1m
    - This is against a backdrop of £0.6m of perpetual licences included in the prior period (before the Group shifted to a term licence model)
    - GI adds a further £2m of revenue to the Solutions business
- GIS business (23% of revenue):
    - Recurring revenues in our GIS business are down by £0.3m to £1.3m, which is offset by a £0.2m increase in licence revenue

** Excludes large cyclical US Census Bureau revenues*

Gross profit margin

Gross profit margin for the existing business (before GI) of 53% is slightly up on last half-year's 52% margin, as the revenue mix this half-year has not changed significantly from the prior half-year. GI's gross profit margin of 50% combined with the margin of the existing business weights the overall margin at 52%. We expect to see improvements in gross margin as the benefits of integration with the wider Group flow through.

Adjusted EBITDA*

Total adjusted* EBITDA is £1.7m which includes £0.5m reflecting three months' trade in GI.

On a like-for-like basis (before £0.4m of adjustments for IFRS 16 'Leases'), the adjusted* EBITDA of the existing business (before GI) has increased by £0.2m to £0.8m, with £0.1m of this improvement driven from additional revenues and £0.1m driven from administration cost savings.

Operating loss

Total operating loss of £0.6m is after including GI's £0.1m operating profit. Therefore, on a like-for-like basis, the operating loss of the existing business is £0.7m, in line with last half-year's operating loss of £0.7m.

The increase in the existing business' Adjusted* EBITDA of £0.2m was offset by £0.2m of share-based payment charges following the share incentive scheme established in September 2018 (there were no charges in the last half-year). In addition to this, amortisation charges are up £0.1m following the business combination accounting for GI, and one-off deal costs related to the acquisition of GI are up £0.1m compared to the last half-year.

Note that the depreciation charge of £0.5m includes a £0.4m charge following the application of IFRS 16 'Leases', which became effective this half-year (see note 14 for further detail) so the residual cost of £0.1m in the existing business is in line with last half-year's charge.

Cash flow

Net cash at the period end of £3.3m comprises cash and cash equivalents of £4m and bank loans of £0.7m. The bank loan was acquired on the purchase of the Geomap-Imagis Group during the period.

During the period we completed an oversubscribed placing to raise £2.9m and used £1.5m of our own cash resources to fund the initial acquisition payment for GI (£4.4m in total). GI had £2.2m of their own cash and cash equivalents so the cash position at acquisition as stated in the statement of cash flows is £2.2m.

Cash used in operations in the period of £1.9m represents £1.2m from ordinary activities, and £0.7m from strategic, integration and other exceptional items and share-based payment charges. The outflow is in line with our half-year expectations given the Group's seasonal working capital cycle and cashflow from continuing operations is expected to unwind in the second half.

In addition, following the submission of our year end annual report to January 2019, our group credit rating improved which is a result of the strengthened balance sheet, through the August 2018 fund raise, and improved results. This is a good position for us to be in for customer acquisition purposes going forwards.

Subsequent to the half-year in August and September 2019, €1.8m of bank loans were secured on attractive terms to provide additional working capital during seasonal cycles and support the integration phases of the French acquisition.

Balance sheet

At 31 July 2019, net assets were up £3.4m, most of which is attributable to the French acquisition: £5.9m of non-current assets including goodwill and intangible assets were created on acquisition, net of £0.9m deferred tax liabilities on the acquired intangible assets. Deferred consideration of £1m on the French acquisition offsets this, as does the acquired defined benefit pension obligation of £0.8m.

Outlook

The start of the second half has seen continued progress against our growth strategy and additional new contract wins in our target sectors of Government, Utilities and Transportation. This underpins the Group's confidence of delivery on market expectations for the full year. We remain aware of the wider geo-political issues, but diversified portfolio of solutions, including some market-leading IP assets gives us confidence for the future.

Looking forward

1Spatial is ideally positioned in the Geospatial market with a clear strategy, and a solid underlying business. We have cutting edge, patented technology with market-leading intellectual property, high quality staff and a blue-chip customer base, and as such are confident in our plans for the future.

Looking ahead, we are well placed to grow a substantial, profitable and cash-generative business over the long-term.

Condensed consolidated statement of comprehensive income
Six months ended 31 July 2019

		Unaudited	Audited *	Unaudited *
		Six months ended 31 July 2019	Year ended 31 January 2019	Six months ended 31 July 2018
Continuing operations	**Note**	**£'000**	**£'000**	**£'000**
Revenue		10,861	17,624	8,833
Cost of sales		(5,138)	(8,449)	(4,243)
Gross profit		5,723	9,175	4,590
Administrative expenses		(6,363)	(10,803)	(5,336)
		(640)	(1,628)	(746)
Adjusted* EBITDA		1,655	1,188	613
Less: depreciation		(506)	(141)	(78)
Less: amortisation and impairment of intangible assets	**8**	(974)	(1,785)	(890)
Less: share-based payment charge		(222)	(218)	-
Less: strategic, integration and other irregular items	**7**	(593)	(672)	(391)
Operating loss		**(640)**	**(1,628)**	**(746)**
Finance income		36	8	18
Finance cost		(62)	(199)	(98)
Net finance cost		(26)	(191)	(80)
Loss before tax		**(666)**	**(1,819)**	**(826)**
Income tax credit		40	389	254
Loss for the period from continuing operations		**(626)**	**(1,430)**	**(572)**
Discontinued operations				
Loss for the year from discontinued operations (attributable to equity holders of the company)		-	(270)	(266)
Loss for the period attributable to:				
Equity shareholders of the parent		**(626)**	**(1,700)**	**(838)**
		(626)	**(1,700)**	**(838)**
Other comprehensive loss				
Items that may subsequently be reclassified to profit or loss:				
Exchange differences on translating foreign operations		358	80	(21)
Other comprehensive profit/(loss) for the period, net of tax		358	80	(21)
Total comprehensive loss for the period		**(268)**	**(1,620)**	**(859)**
Total comprehensive loss attributable to:				
Equity shareholders of the parent		**(268)**	**(1,620)**	**(859)**
		(268)	**(1,620)**	**(859)**
Total comprehensive loss attributable to equity shareholders of the Parent arises from:				
Continuing operations		(268)	(1,350)	(593)
Discontinued operations		-	(270)	(266)
		(268)	**(1,620)**	**(859)**

** Not adjusted for the impact of IFRS 16: 'Leases', adopted for the first time in the six months ended 31 July 2019 (note 14).*

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	**4**	(0.60)	(1.97)	(1.10)
From continuing operations		(0.60)	(1.65)	(0.75)
From discontinued operations		(0.00)	(0.31)	(0.35)
Diluted loss per share	**4**	(0.60)	(1.97)	(1.10)
From continuing operations		(0.60)	(1.65)	(0.75)
From discontinued operations		(0.00)	(0.31)	(0.35)

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

Condensed consolidated statement of financial position
As at 31 July 2019

	Note	Unaudited As at 31 July 2019 £'000	Audited * As at 31 January 2019 £'000	Unaudited * As at 31 July 2018 £'000
Assets				
Non-current assets				
Intangible assets including goodwill	**8**	16,331	10,194	10,234
Property, plant and equipment		442	285	304
Right-of-use assets	**14**	3,365	-	-
Total non-current assets		**20,138**	**10,479**	**10,538**
Current assets				
Trade and other receivables	**9**	9,431	4,998	5,443
Current income tax receivable		156	125	200
Cash and cash equivalents		4,001	6,358	734
Total current assets		**13,588**	**11,481**	**6,377**
Total assets		**33,726**	**21,960**	**16,915**
Liabilities				
Current liabilities				
Bank borrowings		(732)	-	(2,188)
Lease liabilities	**14**	(931)	-	-
Trade and other payables	**10**	(9,641)	(7,901)	(8,108)
Deferred consideration	**12**	(613)	-	-
Current income tax liabilities		-	-	(32)
Provisions		(81)	-	(6)
Total current liabilities		**(11,998)**	**(7,901)**	**(10,334)**
Non-current liabilities				
Lease liabilities	**14**	(2,432)	-	-
Deferred consideration	**12**	(380)	-	-
Defined benefit pension obligation		(1,504)	(677)	(645)
Deferred tax		(836)	(192)	(233)
Total non-current liabilities		**(5,152)**	**(869)**	**(878)**
Total liabilities		**(17,150)**	**(8,770)**	**(11,212)**
Net assets		**16,576**	**13,190**	**5,703**
Share capital and reserves				
Share capital	**11**	20,150	18,971	16,705
Share premium account		30,479	28,661	22,931
Own shares held		(303)	(303)	(303)
Equity-settled employee benefits reserve		3,156	2,934	2,716
Merger reserve		16,465	16,030	16,030
Reverse acquisition reserve		(11,584)	(11,584)	(11,584)
Currency translation reserve		662	304	203
Accumulated losses		(41,972)	(41,346)	(40,518)
Purchase of non-controlling interest reserves		(477)	(477)	(477)
Equity attributable to shareholders of the parent company		**16,576**	**13,190**	**5,703**
Total equity		**16,576**	**13,190**	**5,703**

** Not adjusted for the impact of IFRS 16: 'Leases', adopted for the first time in the six months ended 31 July 2019 (note 14).*

Condensed consolidated statement of changes in equity
Period ended 31 July 2019

£'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 *	Non-controlling interest	Total equity
Balance at 1 February 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,452)**	**6,790**	**-**	**6,790**
Adjustment on initial application of IFRS 15 'Revenue from contracts with customers'									(194)	(194)		(194)
Balance at 31 January 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 (loss)/income												
Exchange differences on translating foreign operations	-	-	-	-	-	-	80	-	-	80	-	80
Total other comprehensive income	-	-	-	-	-	-	80	-	-	80	-	80
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**80**	**-**	**(1,700)**	**(1,620)**	**-**	**(1,620)**
Transactions with owners recognised directly in equity												
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 (Audited)	**18,971**	**28,661**	**(303)**	**2,934**	**16,030**	**(11,584)**	**304**	**(477)**	**(41,346)**	**13,190**	**-**	**13,190**
Comprehensive loss												
Loss for the period	-	-	-	-	-	-	-	-	(626)	(626)	-	(626)
Other comprehensive income												
Exchange differences on translating foreign operations	-	-	-	-	-	-	358	-	-	358	-	358
Total other comprehensive income	-	-	-	-	-	-	358	-	-	358	-	358
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**358**	**-**	**(626)**	**(268)**	**-**	**(268)**
Transactions with owners recognised directly in equity												
Issue of share capital	1,179	1,818	-	-	435	-	-	-	-	3,432	-	3,432
Recognition of share-based payments	-	-	-	222	-	-	-	-	-	222	-	222
	1,179	**1,818**	**-**	**222**	**435**	**-**	**-**	**-**	**-**	**3,654**	**-**	**3,654**
Balance at 31 July 2019 (Unaudited)	**20,150**	**30,479**	**(303)**	**3,156**	**16,465**	**(11,584)**	**662**	**(477)**	**(41,972)**	**16,576**	**-**	**16,576**

* Total equity attributable to the equity shareholders of the parent.

Condensed consolidated statement of changes in equity
Period ended 31 July 2018

£'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 *	Non-controlling interest	Total equity
Balance at 1 February 2018	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,452)**	**6,790**	**-**	**6,790**
Change in accounting policy									(228)	(228)		(228)
Restated total equity as at 1 February 18	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**224**	**(477)**	**(39,680)**	**6,562**	**-**	**6,562**
Comprehensive income/(loss)												
Loss for the period	-	-	-	-	-	-	-	-	(838)	(838)	-	(838)
Other comprehensive income/(loss)												
Exchange differences on translating foreign operations	-	-	-	-	-	-	(21)	-	-	(21)	-	(21)
Total other comprehensive income	-	-	-	-	-	-	(21)	-	-	(21)	-	(21)
Total comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(21)**	**-**	**(838)**	**(859)**	**-**	**(859)**
Balance at 31 July 2018 (Unaudited)	**16,705**	**22,931**	**(303)**	**2,716**	**16,030**	**(11,584)**	**203**	**(477)**	**(40,518)**	**5,703**	**-**	**5,703**

* Total equity attributable to the equity shareholders of the parent.

Condensed consolidated statement of cash flows
Period ended 31 July 2019

	Note	Unaudited 31 July 2019 £'000	Audited * 31 January 2019 £'000	Unaudited * 31 July 2018 £'000
Cash flows from operating activities				
Cash used in operations	a)	(1,927)	(749)	(1,278)
Interest received		-	24	1
Interest paid		(62)	(199)	(101)
Tax received		149	410	221
Net cash used in operating activities		**(1,840)**	**(514)**	**(1,157)**
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		(2,151)	-	-
Purchase of property, plant and equipment		(70)	(94)	(43)
Expenditure on product development and intellectual property capitalised		(874)	(1,300)	(547)
Net cash used in investing activities		**(3,095)**	**(1,394)**	**(590)**
Cash flows from financing activities				
Repayment of obligations under leases		(431)	-	-
Net proceeds of share issue		2,915	7,996	-
Net cash generated from financing activities		**2,484**	**7,996**	**-**
Net (decrease)/increase in cash and cash equivalents		**(2,451)**	**6,088**	**(1,747)**
Cash and cash equivalents at start of period		6,358	268	268
Effects of foreign exchange on cash and cash equivalents		94	2	25
Cash and cash equivalents at end of period		**4,001**	**6,358**	**(1,454)**

** Not adjusted for the impact of IFRS 16: 'Leases', adopted for the first time in the six months ended 31 July 2019 (note 14).*

Notes to the condensed consolidated statement of cash flows

a) Cash used in operations

	Unaudited As at 31 July 2019 £'000	Audited As at 31 January 2019 £'000	Unaudited As at 31 July 2018 £'000
Loss before tax including discontinued operations	(666)	(2,085)	(1,092)
Adjustments for:			
Net finance cost	62	175	100
Depreciation	506	141	78
Amortisation and impairment	974	1,785	890
Share-based payment (credit)/charge	222	218	-
(Increase)/Decrease in trade and other receivables	(1,366)	(184)	(531)
(Increase)/Decrease in trade and other payables	(1,498)	(656)	(517)
Increase/(Decrease) in provisions	38	(148)	(142)
Increase in defined benefit pension obligation	-	44	-
Net foreign exchange movement	(199)	(39)	(64)
Cash used in operations	**(1,927)**	**(749)**	**(1,278)**

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

	Unaudited As at 31 July 2019 £'000	Audited As at 31 January 2019 £'000	Unaudited As at 31 July 2018 £'000
(Decrease)/Increase in cash in the period	(2,451)	6,088	(1,747)
Changes resulting from cash flows	**(2,451)**	**6,088**	**(1,747)**
Loans taken on, on acquisition of subsidiary	(732)	-	-
Effect of foreign exchange	94	2	25
Change in net funds	**(3,089)**	**6,090**	**(1,722)**
Net funds at beginning of period	6,358	268	268
Net funds at end of period	**3,269**	**6,358**	**(1,454)**
Analysis of net funds			
Cash and cash equivalents classified as:			
Current assets	4,001	6,358	734
Bank and other loans	(732)	-	(2,188)
Net funds at end of period	**3,269**	**6,358**	**(1,454)**

Notes to the Interim Financial Statements

1. Principal activity

1Spatial plc is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ. The registered number of the Company is 5429800.

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.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 31 July 2019, has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ended 31 January 2020 and are not expected to be significantly different to those set out in the Group's audited financial statements for the year ended 31 January 2019, except for the adoption of IFRS 16 'Leases' which became effective in the half-year ended 31 July 2019 (see note 14).

The financial information for the half-years ended 31 July 2019 and 31 July 2018 is neither audited nor reviewed and does not constitute statutory financial statements within the meaning of section 434(3) of the Companies Act 2006 for 1Spatial plc or for any of the entities comprising the 1Spatial Group. Statutory financial statements for the preceding financial year ended 31 January 2019 were filed with the Registrar and included an unqualified auditors' report.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

3. Taxation

The tax expense on the result for the six months ended 31 July 2019 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 31 January 2020.

4. Loss per share

Basic loss 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 period.

	Unaudited As at 31 July 2019 £'000	Audited As at 31 January 2019 £'000	Unaudited As at 31 July 2018 £'000
Loss attributable to equity holders of the Parent	(626)	(1,700)	(838)
Less: Loss from discontinued operations	-	(270)	(266)
Loss from continuing operations	(626)	(1,430)	(572)
Adjustments:			
Income tax credit	(9)	(389)	(200)
Deferred tax credit	(31)	-	(54)
Net finance cost	26	191	80
Depreciation	506	141	78
Amortisation and impairment of intangible assets	974	1,785	890
Share-based payment charge	222	218	-
Strategic, integration and other irregular items	593	672	391
Adjusted EBITDA from continuing operations	**1,655**	**1,188**	**613**

	Number 000s	Number 000s	Number 000s
Basic and Diluted weighted average number of ordinary shares	**104,332**	**86,425**	**76,365**

	Unaudited As at 31 July 2019 Pence	Audited As at 31 January 2019 Pence	Unaudited As at 31 July 2018 pence
Basic loss per share	(0.60)	(1.97)	(1.10)
- from continuing operations	(0.60)	(1.65)	(0.75)
- from discontinued operations	(0.00)	(0.31)	(0.35)
Diluted loss per share	(0.60)	(1.97)	(1.10)
- from continuing operations	(0.60)	(1.65)	(0.75)
- from discontinued operations	(0.00)	(0.31)	(0.35)
Basic adjusted EBITDA per share	1.59	1.06	0.45
- from continuing operations	1.59	1.37	0.80
- from discontinued operations	0.00	(0.31)	(0.35)
Diluted adjusted EBITDA per share	1.59	1.06	0.45
- from continuing operations	1.59	1.37	0.80
- from discontinued operations	0.00	(0.31)	(0.35)

The H1 FY19 EPS figures have been re-presented to reflect the share consolidation which occurred in August 2018. As the option awards are anti-dilutive, they have been excluded from the calculation of diluted weighted average number of ordinary shares.

5. Dividends

No dividend is proposed for the six months ended 31 July 2019 (31 January 2019: nil; 31 July 2018: nil).

6. Segmental information

31 July 2019	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	10,861	-	10,861
Cost of sales	-	(5,138)	-	(5,138)
Gross profit	**-**	**5,723**	**-**	**5,723**
Administrative expenses	**(975)**	**(5,388)**	**-**	**(6,363)**
Adjusted EBITDA	(620)	2,275	-	1,655
Less: depreciation	-	(506)	-	(506)
Less: amortisation and impairment of intangible assets	-	(974)	-	(974)
Less: share-based payment charge	(65)	(157)	-	(222)
Less: strategic, integration and other irregular items	(290)	(303)	-	(593)
Total operating (loss)/profit	**(975)**	**335**	**-**	**(640)**
Finance income	3	33	-	36
Finance cost	(2)	(60)	-	(62)
Net finance (cost) / income	1	(27)	-	(26)
(Loss)/profit before tax	**(974)**	**308**	**-**	**(666)**
Tax	-	40	-	40
(Loss)/profit for the period from continuing operations	(974)	348	-	(626)
Loss for the period from discontinued operations	-	-	-	-
(Loss)/profit for the period	**(974)**	**348**	**-**	**(626)**

31 January 2019	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	17,624	-	17,624
Cost of sales	-	(8,449)	-	(8,449)
Gross profit	**-**	**9,175**	**-**	**9,175**
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 period from continuing operations	(2,089)	660	(1)	(1,430)
Loss for the period from discontinued operations	(163)	-	(107)	(270)
(Loss)/profit for the period	**(2,252)**	**660**	**(108)**	**(1,700)**

6. Segmental information (continued)

31 July 2018	Central costs £'000	Geospatial £'000	IT Managed Services £'000	Total £'000
Revenue	-	8,833	-	8,833
Cost of sales	-	(4,243)	-	(4,243)
Gross profit	**-**	**4,590**		**4,590**
Administrative expenses	**(1,040)**	**(4,296)**	**-**	**(5,336)**
			-	
Adjusted EBITDA	(773)	1,386	-	613
Less: depreciation	-	(78)	-	(78)
Less: amortisation and impairment of intangible assets	-	(890)	-	(890)
Less: share-based payment charge	-	-	-	-
Less: strategic, integration and other irregular items	(267)	(124)	-	(391)
Total operating (loss)/profit	**(1,040)**	**294**	**-**	**(746)**
Finance income	-	18	-	18
Finance cost	(87)	(11)	-	(98)
Net finance (cost) / income	(87)	7	-	(80)
(Loss)/profit before tax	**(1,127)**	**301**	**-**	**(826)**
Tax	-	254	-	254
(Loss)/profit for the period from continuing operations	(1,127)	555	-	(572)
Loss for the period from discontinued operations	-	-	(266)	(266)
(Loss)/profit for the period	**(1,127)**	**555**	**(266)**	**(838)**

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 period:

	Six months ended 31 July 2019 £'000	Year ended 31 January 2019 £'000	Six months ended 31 July 2018 £'000
Costs associated with corporate transactions and other strategic costs	15	332	238
Restructuring and redundancy costs	-	213	153
Costs relating to the acquisition of the Geomap-Imagis group	506	-	-
Fees relating to the Employee Share Plan implemented in the year	-	82	-
Other	72	45	-
Total	**593**	**672**	**391**

8. Intangible assets including goodwill

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Website costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 February 2019	16,161	232	2,843	4,421	15,012	30	66	38,765
Arising on acquisition (note 12)	2,316	-	-	3,412	-	-	-	5,728
Additions	-	-	-	-	874	-	-	874
Effect of foreign exchange	327	-	77	259	288	-	-	951
At 31 July 2019	**18,804**	**232**	**2,920**	**8,092**	**16,174**	**30**	**66**	**46,318**
Accumulated impairment and amortisation								
At 1 February 2019	11,533	165	2,754	3,850	10,232	30	7	28,571
Amortisation	-	12	89	283	590	-	-	974
Effect of foreign exchange	130	-	77	59	176	-	-	442
At 31 July 2019	**11,663**	**177**	**2,920**	**4,192**	**10,998**	**30**	**7**	**29,987**
Net book amount at								
31 July 2019	**7,141**	**55**	**-**	**3,900**	**5,176**	**-**	**59**	**16,331**

8. Intangible assets including goodwill (continued)

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

9. Trade and other receivables

	As at 31 July 2019	As at 31 January 2019
Current	**£'000**	**£'000**
Trade receivables	4,634	2,545
Less: provision for impairment of trade receivables	-	(13)
	4,634	2,532
Other taxes and social security	168	102
Other receivables	1,739	1,106
Prepayments and accrued income	2,890	1,258
	9,431	**4,998**

10. Trade and other payables

Current	As at 31 July 2019 £'000	As at 31 January 2019 £'000
Trade payables	2,295	1,439
Other taxation and social security	2,571	1,766
Other payables	498	441
Accrued liabilities	455	621
Deferred income	3,822	3,634
	9,641	**7,901**

11. Share capital

	As at 31 July 2019 £'000	As at 31 January 2019 £'000
Allotted, called up and fully paid		
110,805,795 (Jan 2019: 99,031,889) ordinary shares of 10p each	11,082	9,903
226,699,878 (Jan 2019: 226,699,878) deferred shares of 4p each	9,068	9,068
	20,150	**18,971**

12. Business combinations

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 is to be paid by 1Spatial France to the Majority Vendors immediately 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 immediately upon Completion and the balance of €440,540 will be satisfied on 30 March 2023. Accordingly, the Company has issued, conditional on Completion, 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.

12. Business combinations (continued)

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 - 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**

Provisional fair values of assets and liabilities at the date of acquisition:	**£'000**
Intangible assets *	3,412
Property, plant and equipment	147
Indemnification asset	154
Right of use asset	805
Cash and cash equivalents	2,276
Trade and other receivables	2,831
Tax asset	167
Trade and other payables	(3,109)
Borrowings	(732)
Lease liability	(805)
Deferred tax liability	(665)
Defined benefit pension obligation	(751)
Total identifiable net assets	**3,730**
Goodwill *	2,316
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**

* This represents the provisional accounting for the split between intangible assets and goodwill which will be finalised in the annual report for the year ending 31 January 2020.

13. Post balance sheet events

In August and September 2019, €1.8m of bank loans were secured to support the integration phases of the French acquisition and provide additional working capital during seasonal cycles.

Integration loan:

On 19 August 2019, 1Spatial France SAS secured a €1,000,000 loan from Le Credit Lyonnais (LCL) to support the integration phases of the French acquisition. 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. Funds can be withdrawn up until 16 May 2020 and any funds not withdrawn by that date will be lost. As such, the total loan may not be fully utilised. 1Spatial France SAS has not drawn down any funds on this loan to date. Repayment of the loan will commence from 16 August 2020, with 16 quarterly instalments ending on 16 May 2024, assuming withdrawals are made.

Innovation loan:

On 10 September 2019, 1Spatial France SAS secured a €800,000 loan (less a €40,000 guarantee and €3,200 administrative costs) from French Public Investment Bank, BPI France, to provide additional working capital during seasonal cycles. The loan is for a duration of 7 years, at a fixed rate of interest of 2.82% per year. Quarterly interest payments are required from December 2019 up until December 2021. From 30 December 2021 until September 2026, 20 quarterly instalments of €40,000 will be repaid along with the interest, with the final payment scheduled for 30 September 2026.

14. Changes in accounting policies

IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 February 2019 and replaces IAS 17 'Leases'. It eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. The adoption of IFRS 16 resulted in the Group recognising lease liabilities, and corresponding 'Right-of-use' assets for arrangements that were previously classified as operating leases.

The Group's principal lease arrangements are for property, most notably a portfolio of office premises, and for a global car fleet, utilised primarily by our sales and marketing teams. The Group has adopted IFRS 16 using the simplified approach with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings at 1 February 2019. The standard permits a choice on initial adoption, on a lease-by-lease basis, to measure the right-of-use asset at either its carrying amount as if IFRS 16 had been applied since the commencement of the lease, or an amount equal to the lease liability, adjusted for accruals or prepayments. The Group has elected to measure the right-of-use asset equal to the lease liability, with the result of no net impact on opening retained earnings and no restatement of prior period comparatives.

Initial adoption resulted in the recognition of right-of-use assets of £3.8m and lease liabilities of £3.8m. The weighted average incremental borrowing rate applied to the lease liabilities on 1 February 2019 was 3.84%.

The Group is using one or more practical expedients on transition to leases previously classified as operating leases, including electing to apply a single discount rate to portfolios of leases with similar characteristics, reliance on previous assessments on whether arrangements contain a lease and whether leases are onerous, excluding initial direct costs from the initial measurement of the right-of-use asset, and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Key judgements made in calculating the initial impact of adoption include determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Estimates include calculating the discount rate which is based on the incremental borrowing rate.

The Group is applying IFRS 16's low-value and short-term exemptions. While the IFRS 16 opening lease liability is calculated differently from the previous operating lease commitment calculated under the previous standard, there are no material differences between the positions. The adoption of IFRS 16 has had no impact on the Group's net cash flows, although a presentation change has been reflected whereby cash outflows of £431k are now presented as financing, instead of operating. Lease costs previously reported in administrative expenses, now reported in depreciation and interest charges result in a £472k benefit to adjusted EBITDA, with a corresponding increase of £431k in the depreciation charge and a £41k increase in the interest charge (the benefit to operating loss is £41k with a corresponding increase in the interest charge). Profit before tax, taxation and EPS have not been significantly impacted.

Consolidated values affecting the P&L and Balance sheet from 1 February 2019 to 31 July 2019

Measurement of lease liabilities and right-of-use asset:

	£'000
Operating lease commitments disclosed as at 31 January 2019	(840)
Add: finance lease liabilities recognised as at 31 January 2019	(2,118)
Lease liability recognised as at 31 January 2019 *	**(2,958)**
Of which are:	
Current lease liabilities	(817)
Non-current lease liabilities	(2,141)
Liabilities acquired on acquisition of the Geomap-Imagis Group	(852)
Lease liability recognised as at initial adoption	**(3,810)**
Right-of-use asset recognised as at initial adoption	**3,810**

** This does not include the Geomap-Imagis Group's leases, as they became part of the Group in May 2019*

P&L impact for six months to 31 July 2019:

	£'000
Depreciation charge	(431)
Interest charge	(41)
Foreign exchange charge	(13)

Carrying amounts at 31 July 2019:

	£'000
Right-of-use asset	3,365
Lease liability	(3,363)

Split of Right-of-use asset at 31 July 2019 by type of asset:

	£'000
Buildings	3,089
Cars	207
Other	69
Total	**3,365**

Split of lease liability at 31 July 2019 by geography:

	£'000
Europe	(3,262)
USA	(95)
Australia	(6)
Total	**(3,363)**

Split of lease liability at 31 July 2019 – current and non-current:

	£'000
Current	(931)
Non-current	(2,432)
Total	**(3,363)**