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1Spatial Plc
10 October 2023

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1Spatial plc (AIM: SPA)

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

Interim Results for the six-month period ended 31 July 2023 ("H1 2024")

Delivering significant revenue and ARR growth

1Spatial, (AIM: SPA), a global leader in Location Master Data Management (LMDM) software and solutions, is pleased to announce interim results for the six months ended 31 July 2023.

H1 2024 highlights

- Group revenue up 11% to £15.5m driven by:
    - 24% increase in recurring revenue to £8.2m (H1 2023: £6.6m), representing 53% of total revenue (H1 2023: 47%)
    - 100% increase in Term Licences revenue to £3.4m (H1 2023: £1.7m), including the first contribution from our newly launched SaaS offerings
    - Continued strong progress in the US, with US revenue increasing 27% in the period (24% at constant currency) (H1 2023: 16%)
- Group ARR growth of 10% with a Term Licence ARR growth of 27%
- Group gross profit margin increase from 50% to 52% driven by increases in revenue across the Group
- Adjusted EBITDA of £1.7m down 16% reflecting investment in sales resource, inflationary cost increases and foreign exchange movements
- Approximately £1m of annualised non-revenue generating costs taken out of the business in H1 primarily in Europe
- Board confident in achieving results for FY 2024 in line with market expectations

Financial highlights

	Half-year to 31 July 23	**Half-year to 31 July 22**	**Growth**
	£m	**£m**	**%**
Group revenue	15.5	14.0	+11
Recurring revenue	8.2	6.6	+24
Term licences revenue	3.4	1.7	+104
Group Total ARR	16.7	15.2	+10
Term licences ARR	6.6	5.2	+27
Group gross profit	8.0	7.0	+16
Group gross profit margin (%)	52	50	+2
Adjusted EBITDA	1.7	2.0	(16)
Adjusted EBITDA margin (%)	11	14	(3pp)
Operating (loss)/profit	(0.3)	0.4	n/a
(Loss)/profit before tax	(0.5)	0.3	n/a
(Loss)/earnings per share - basic and diluted (p)	(0.5)	0.2	n/a
Net cash	0.5	2.3	(77)

Group operational highlights

Enterprise business

- Secured first contract with the State of Oregon, bringing the number of US States as customers to 18, each with significant expansion potential
- Expansion deals with the California Department of Transportation (Caltrans), US Federal Highways, Ordnance Survey Great Britain, Land and Property Services and a major European aerospace company
- Three new water customers: Yorkshire Water Services in the UK, Société Walloon Des Eaux in Belgium and Hunter Water in Australia
- Successful launch of the first phase of the NUAR Project ('National Underground Asset Register') on 5 April 2023
- Significant increase in sales pipeline across our territories with conversion of these opportunities expected in H2 and into the new financial year

SaaS Solutions

SaaS Solutions

- The launch of cloud platform and "light version" of our NG9-1-1 solution suitable for counties and cities within each US state, a US$345m ARR market opportunity, five contract wins to date
- 1Streetworks, automating traffic management plans, a £400m ARR market opportunity, launched with five trials ongoing, first material contract expected to be signed imminently onto an annual deal

Outlook

- High level of renewals in the second half of the year and healthy pipeline driving expected improvement in performance in H2
- Trading in the second half has started positively and the Board remains confident in delivering results for FY 2024 in line with expectations

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

"The Group's achievements over the past six months demonstrate that our investments in our product and business development teams are translating into growth. We envisage that these investments will lead to further growth throughout the remainder of the financial year and into next year. Our ability to secure and deliver significant contracts with blue-chip customers points to our potential as we continue to build a world class geospatial business with strong recurring revenues.

"Over the last five years we have invested significant financial resources into developing our SaaS solutions. With the successful launch of two of these solutions in the first half of FY2024, we have opened up a transformational opportunity with a significant and growing pipeline. We look to the future with confidence."

For further information, please contact:

1Spatial plc	01223 420 414
Claire Milverton / Stuart Ritchie	
Liberum (Nomad and Broker)	020 3100 2000
Max Jones / Edward Mansfield	
Alma PR	020 3405 0205
Caroline Forde / Hannah Campbell	1spatial@almapr.co.uk

Alternative Performance Measures ('APMs')

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

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

About 1Spatial plc

Unlocking the Value of Location Data

1Spatial plc is a global leader in providing Location Master Data Management (LMDM) software, solutions and business applications, primarily to the Government, Utilities and Transport sectors via the 1Spatial platform. Our solutions ensure data governance, facilitating the efficient, effective and sustainable operation of customers around the world. Our global clients include national mapping and land management agencies, utility companies, transportation organisations, government and defence departments.

Today, when using and sharing trusted data provides significant opportunities for businesses and governments to deliver against important sustainability and Net Zero goals, our vision is clear: to make the world safer, smarter and more sustainable by unlocking the value in data, enabling better decisions and greater insights.

The 1Spatial platform is a comprehensive set of data and system agnostic LMDM software components which helps ensure master data is compliant, current, complete, consistent, and coordinated - and that customers can be confident it will remain that way as it evolves. It allows them to master their data on any device, anywhere, anytime and can be deployed as SaaS in the cloud, on-premise, or as a hybrid of both.

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

www.1spatial.com

Half-year review

We are very pleased with the performance of the Group's enterprise business in the first six months of the year, most notably delivering 11% revenue growth and 27% growth in term licence ARR as we secured new wins and delivered on milestones of significant contracts signed in previous years. These new customer wins build on the secure, long-term levels of ARR we have generated and provide significant opportunities to expand and drive incremental revenues in the future.

The growing revenue generated by our enterprise business in recent years has provided funding for the development of two high margin SaaS solutions launched at the end of calendar 2022, 1Streetworks and a SaaS version of our NG9-1-1 solution. These applications present a transformational growth opportunity in the medium term and are a major focus for the Group.

SaaS sales have already exceeded our expectations with our first customer contracts signed in the period. In the US, we signed five new contracts for the SaaS version of our NG9-1-1 solution, targeting US counties. This rapid adoption of the product demonstrates the value offered to the customer and provides the Group with an opportunity to rapidly scale up into a substantial market opportunity.

In the UK, we secured five customers for paid for trials of 1Streetworks. With the utilities sector being a primary target vertical for this product, we are delighted to report that, following successful completion of a trial, a large utility provider is in the final stages of contracting an annual licence. This independent commercial validation provides the Company with a case study that management can use to accelerate market adoption over the next 12 months. The speed of conversion from trial to annual contract demonstrates the relevance of our new SaaS product to this sector.

While we have seen significant growth in revenue and gross profit contribution compared to the previous year, the investment we made in our sales function together with inflationary increases and adverse foreign exchange movements have diluted EBITDA margins and resulted in a decrease of approximately £0.3m in EBITDA. While the increases in operating costs were in line with forecasts, the management team has taken steps to address the cost base in Europe by removing £1m annualised costs from non-revenue generating activities. As a larger proportion of the term licence renewals are weighted towards the second half of the year management remains confident of delivering material cash and EBITDA generation before the end of the financial year.

The Group remains focussed on investing in and developing our cloud platform to set our SaaS businesses up for success. We also see continuing investment in our enterprise business as critical to our growth strategy. Digital transformation, and the growing need for better, more accurate and shareable data to support infrastructure investment continues to drive demand for our solutions across our target markets, being Government, Utilities and Transport.

The Group has a strong order book, a growing recurring revenue stream and a strong sales pipeline for its enterprise business as well as a potentially transformational pipeline for its SaaS based solutions, underpinning the Board's confidence in the Group's ability to deliver against its growth strategy and achieve results for FY 2024 in line with expectations.

Successful launch and first sales of SaaS solutions

The expansion of the 1Spatial Cloud platform includes our multi-tenancy SaaS based solutions - NG9-1-1 and 1Streetworks (formerly Traffic Management Plan Automation). These applications considerably increase our addressable market and provide the potential for significant expansion of high margin software revenue.

The launch of our cloud platform in January 2023 means we can now offer a "light version" of our NG9-1-1 solution aimed at the counties and cities within each US state, significantly increasing our addressable opportunity. We have now secured five contract wins for this solution and have further trials underway. There is an addressable market of over US$345m ARR for our NG9-1-1 SaaS solution and we are currently targeting up to 15% market share. In Q4, the team will be working on advancing our offering with an Esri integration, aiming at driving adoption of the product.

1Streetworks automates the production of traffic management plans, diversion routing and asset inventory lists in the UK, producing a comprehensive, site-specific traffic management plan in just a few minutes.

1Streetworks is the first solution in the market to fully automate the production of traffic management plans, significantly shortening the time, effort and cost it takes to produce traffic management plans that are both consistent and compliant. It has the potential to revolutionise the traffic management planning industry. This solution is now being trialled by five customers across the UK, with final contractual discussions for an annual licence underway with a large utility company.

There are currently over 2.5 million roadworks each year on low-speed roads alone. This is expected to increase to approximately 4 million per year. The catalyst for this increase is the planned electrification of the UK (for example: installation of electric vehicle charging points) as well as the roll out of new telecoms fibre across the country. We estimate that the total addressable market will be in excess of £400m in the coming years.

Innovation

As well as the launch of our first two SaaS solutions, we continue to innovate, augmenting the capabilities of our existing offerings and developing new ones to expand our addressable market.

In terms of new product development, we recently developed additional rules based cleansing applications, such as NG9-1-1, focused on specific industry verticals, leveraging the power of our 1Integrate rules engine to automate data ingestion. The development of these innovative products will provide us with a pipeline of product launches for 2024 and beyond.

We also continue to build our product portfolio. Two core components that underpin our SaaS Solutions and the 1Spatial Platform have also been enhanced to make even the most complex data supply chains even easier to manage.

- 1Integrate went through its next major release - v4.0. This introduced a brand-new user interface, expertly reworked for a smooth user experience and huge productivity gains.

interface, expertly reworked for a smooth user experience and huge productivity gains. Building the rules that define the specific data processing tasks has never been faster.
- 1Data Gateway also went through similar UI and API improvements. This allows us to improve the speed, consistency, and quality of how we release and deploy our world-class SaaS rules-based solutions (defined in 1Integrate) to our customers. How we repeatedly promote SaaS solutions through different environments has never been easier.

We plan to leverage this innovation and development by considering entry into new markets and verticals such as the Built Environment in the UK and 1Streetworks in Canada.

Enterprise business expansion

US

The US continues to be the most significant contributor of recurring revenue growth with 56% at constant currency compared to the same period in the prior year. We appointed a new Head of Sales in the US helping to drive pipeline growth and pipeline conversion to ensure we capitalise on the huge opportunity in this region. We are already seeing the benefit of this appointment in new opportunities across our customer base.

We secured our first contract with the State of Oregon using our 1Integrate and 1DataGateway products - the initial contract value is $0.4m over two years with a number of future expansion opportunities. The Group now has 18 US States as customers, each with significant expansion potential. We secured our second contract with the California Department of Transportation (Caltrans), in partnership with Rizing, a global SAP partner, bringing the total ARR derived from this customer to $0.4m demonstrating our ability to execute on the opportunity.

We expanded our existing contract with Federal Highways through the sale of additional 1Integrate licences generating incremental ARR of $150K, bringing total ARR on the account to $200K.

UK

We have seen good growth in the UK during the half, in addition to the five trials secured for 1Streetworks.

We secured our first contract with Yorkshire Water Services for £650K. The contract was to replace the company's GIS platform technology and network data model to enable visualisation of GIS data, configuration of GIS business applications and integration of the new GIS with wider business applications across the company. Our team was selected to undertake the transformation project using Esri technology due to the significant experience we have in the sector.

We strengthened our relationship with Ordnance Survey Great Britain through a two-year contract renewal, worth approximately £1.5m, and will see 1Spatial's specialist team provide software and support services to Ordnance Survey's Data Management System. We also secured a further software and services contract with existing customer Land and Property Services in conjunction with our partner Version1, with a contract value of £0.2m. Land and Property Services (LPS) is a division within the Department of Finance (DoF) in Northern Ireland who collect, process and manage land and property information.

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

Europe

In Belgium, we secured an initial four-year contract with Société Walloon Des Eaux using our 1Water application. The contract includes a four-year extension resulting in a total contract value of €3m, including ARR from licence sales of €230K.

During the half, a major European aerospace company, initially secured in July 2022, contracted 1Spatial for additional complementary services due to a change in the project scope. The value of the award was €240K.

Australia

The Group secured its first 1Integrate licence contract in Australia winning Hunter Water, a state-owned corporation providing drinking water, wastewater, recycled water and storm water services to 500,000 people in the Lower Hunter Region in New South Wales. The contract is initially for 6 months carrying a value totalling AUS$200K with the possibility to extend.

ESG and People

We continue to make good progress with the development of our ESG strategy. In March 2022, we kicked off a stakeholder materiality assessment to determine the priority areas. We consulted with more than 150 customers, employees, board members and senior management, shareholders, partners and suppliers to understand what areas are considered as most important for our stakeholders. We are now developing these objectives through industry benchmarking, peer review and business consultations. We reported on the key focus areas in our FY23 Annual Report.

During the first half of FY 2024, we started rolling out ISO27001 to the UK and other Group entities, as well as an electric first initiative as our car fleet comes up for renewal. We have also started to gather information around carbon reporting across the Group. We plan to report on our continental European, US and Australian businesses' carbon emissions, as well as extending the scope of our UK disclosures (scope 3), in the FY 2024 Annual Report.

Our people are critical to the success of the Group. We continue to invest in our people, providing them with the tools and training to support them and allow them to realise their potential. The success of this approach is evidenced by the Group's selection as one of the top 100 organisations featured on the 2023 UK's Most Loved Workplace ®. We actively encourage our people to pursue activities that help them in their day-to-day work life and offer a professional development allowance for them to use as they see fit. We firmly believe that investing in and empowering our people fosters loyalty, team spirit and engenders trust which are all to the benefit both the Group and its people. We support our people in their charitable activities and organise team and company-wide events to recognise important milestones throughout the year such as mental health awareness.

Current trading and outlook

We are transitioning from a predominantly services-based business to one which has productised its valuable IP and data expertise into scalable software solutions including SaaS. We sit at the heart of the transformation taking place across multiple sectors, with our growing levels of recurring revenue providing confidence to continue investing in our scalable solutions. We remain focused on the conversion of our substantial sales pipeline, which will in turn drive revenue growth and margin expansion.

With a sales focused team, compelling offering, a growing recurring revenue stream and a strong sales pipeline for our enterprise business as well as a potentially transformational pipeline for our SaaS based solutions, we believe the business is well placed to deliver and capitalise on the huge market opportunity ahead.

Trading in the second half is in line with expectations with several new contracts secured. While cognisant of inflationary cost pressures, the Board remains confident in delivering results for FY 2024 in line with expectations.

Claire Milverton
Chief Executive Officer

Financial performance

Summary

The Group delivered a solid financial performance in the period with further growth in revenues and ARR. The increase in revenue generated compared to the prior period supports the increase in investment in innovation and sales resources required to secure higher value longer-term recurring contracts and pipeline growth.

Revenue

Group revenue increased by 11% to £15.53m from £14.03m in H1 2023. The business strategy is to grow recurring revenue from repeatable business solutions on longer-term contracts, including recurring term licences, rather than one-off perpetual licences. In FY 2021, the Board approved a three-year revenue growth plan, with increased planned spending on technology, sales and delivery capacity in order to effect a step change in revenue growth. As a result of this focus, recurring revenue in the period increased by 24% to £8.2m from £6.6m and the Group achieved organic growth in revenue of 11%. The revenue by type is shown below:

Revenue by type

	H1 2024	H1 2023	% change
Recurring revenue [term licences, SaaS + S&M]	**8.18**	6.62	24%
Services	**6.65**	6.44	3%
Revenue (excluding perpetual licences)	**14.83**	13.06	14%
Perpetual licences	**0.70**	0.97	(28%)
Total revenue	**15.53**	14.03	11%

Growth in term licence ARR

We are growing term licences from our proprietary solutions but we also sell third-party products on a standalone basis or to support our own solution sales. In the twelve-month period to 31 July 2023, we have increased the annualised value of term licences by 27% overall (23% for 1Spatial solutions), as shown in the table below.

	H1 2024	H1 2023	Growth
ARR for term licences - owned	**5.01**	4.07	23%
ARR for term licences - third party	**1.55**	1.10	41%
ARR for term licences - total	**6.56**	5.17	27%

Annualised Recurring Revenue

The Annualised Recurring Revenue ("ARR") (annualised value at the period-end of committed recurring contracts for term licences and support and maintenance) increased by 10% from £15.0m at 31 July 2022 to £16.5m as at 31 July 2023. The growth rates varied by region as shown in the table below with most regions growing total ARR and the US growing at the fastest rate of 22%. The UK also had an excellent growth rate at 10%. Europe's ARR growth rate was modest at 9%. The overall renewal rate remains high at around 94%.

ARR by region

	H1 2024	H1 2023	Growth
UK/Ireland	**6.95**	6.30	10%
Europe	**5.56**	5.09	9%
US	**2.56**	2.09	22%
Australia	**1.58**	1.72	-8%
Total ARR	**16.65**	15.20	10%

Committed services revenue

The level of committed services revenue, which has reduced since the start of the year as services revenue on our major projects won last year is recognised, nevertheless remains high at £10.6m and provides strong revenue visibility, underpinning the Group's strong financial footing.

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

Regional revenue

Revenue by region is shown in the table below:

Regional revenue

	H1 2024	H1 2023	Growth %	Growth % (constant fx)
UK/Ireland	**6.37**	**5.62**	13%	13%
Europe	**5.12**	**5.31**	(4%)	(7%)
US	**2.29**	**1.80**	27%	24%
Australia	**1.75**	**1.30**	35%	40%
	15.53	**14.03**	11%	9%

It was pleasing to achieve double-digit revenue growth overall, which was driven mainly by the strong growth in the UK, Australia and the US following excellent contract wins last year, offset by the results in Europe. In Europe, revenue was impacted by the timing of closing a major contract at the end of H1 with an estimated annual licence revenue of €0.5m. This contract is now expected to close at the end of FY 2024. The delay in conversion of this opportunity resulted in a reduction of 7% at constant currency compared to the previous year. Going forward, all regions will continue to focus on increasing their sales of higher margin owned technology sold as term licences.

Gross profit margin

In spite of inflationary increases we have seen across our cost base over the last 12 months, the gross profit margin increased two percentage points to 52% (H1 FY23: 50%) through the increase of subscriptions pricing and charge out rates.

Cost management continues to be an important focus during FY 2024. Although the business is incurring some planned increases in costs to support future revenue growth, the management team will remain focused on driving improvements to the gross margin levels through revenue growth of higher margin term licences.

Adjusted EBITDA

The adjusted EBITDA decreased by 16% to £1.7m from £2.0m in the prior period with EBITDA margin also lower than the prior period at 10.9% (H1 2023: 14.4%). This decrease was due primarily to the continued investment in our sales resource. As a sales-led organisation, targeted investment in people is critical to ensure that we achieve our strategic sales objectives and we will continue to invest to execute our strategy. To enable further planned investment in this area, the management team carried out a review of operational and R&D costs in the half, taking £1m of non-revenue generating expenditure out of the business on an annualised basis. With the combination of the cost reduction program and a larger weighting of term licence renewals in the second half of the year, we will recoup the EBITDA shortfall in the next six months. We will also have the headcount to deliver the sale of SaaS product in the second half and into the new financial year.

Operating (loss)/profit

The Group recorded an operating loss of £0.3m compared to a profit of £0.4m in the prior year. Excluding the impact of restructuring costs (£0.3m), which were incurred primarily in our European operation, the Group reported a marginal profit. We are satisfied with the result for the period and are confident that the restructuring carried out will benefit of the Group's success in the medium term.

Taxation

The tax charge for the period was £0.1m (H1 2023: £0.1m).

Balance sheet

The Group's net assets increased to £16.7m at 31 July 2023 (H1 2023: £15.7m). Intangible assets increased to £18.5m (H1 2023: £15.9m), mainly due to increased R&D expenditure on our SaaS products. The drive to increase investment in our SaaS offerings has yielded its first results in the first six months of the year with a number of deals signed in the US and five trials signed in the UK. We will continue to invest in these product sets as we are confident that conversion of further opportunities will result in significant top line and EBITDA growth.

Cash flow

Cash generated from operations was £0.7m (H1 2023: £1.3m). This decrease was driven primarily by a higher cost base notably through increases in headcount, professional fees, legal expenses and exceptional items. While we did observe an increase in revenue generated, the incremental cost base was in excess of any additional cash generated from sales. With the traction demonstrated by the sales team over the last six months, the timing of term licence renewals weighted towards the second half of the year, the non-recurrence of exceptional costs incurred in the half and the positive impact from the restructuring carried out in first half of the year, we are confident that the cash inflow in the second half of the year will be improved on the first half.

Free cash outflow in the first half of the year was £2.5m (H1 FY23: £0.9m). In addition to the decrease in cash generated from operations for the same period in the prior year, the investment in software and research and development has also increased (£1.0m compared to the prior period). The increase in cost is focussed on the development of our cloud and SaaS product (£0.6m of software and research and development time) and investment in products developed in collaboration with major partners (£0.4m) where opportunities for sales have already been identified. The expected full year R&D spend remains in line with forecast and all development costs are consistent with our strategic objectives.

Free cash flow	**H1 2024 £'000**	**H1 2023 £'000**
Cash generated from operations	683	1,343
Net interest paid	(138)	(75)
Net tax paid	(59)	(26)
Expenditure on software, product development and intellectual property capitalised	(2,565)	(1,563)
Purchase of property, plant and equipment	(35)	(104)
Lease payments	(384)	(454)
Free cash outflow	**(2,498)**	**(879)**

Investment in R&D

Development costs capitalised in the period amounted to £2.1m (H1 2023: £1.6m). Amortisation of development costs was £0.9m (H1 2023: £0.7m). The increased R&D expenditure primarily relates to the investment in cloud-based SaaS solutions and development of product where opportunities have already been identified.

Financing

The Group has a £3m Revolving Credit Facility to ensure that the Group's working capital position is strengthened. The secured facility, arranged in June 2022, is committed for three years and priced on competitive terms. As at 31 July 2023 there was £1.1m drawn from the facility which we intend to repay by the end of the financial year.

Condensed consolidated statement of comprehensive income
Six months ended 31 July 2023

	Note	Unaudited Six months ended 31 July 2023	Unaudited Six months ended 31 July 2022	Audited Year ended 31 January 2023
	Note	£'000	£'000	£'000
Revenue	4	**15,537**	**14,028**	**30,002**
Cost of sales		(7,496)	(7,078)	(14,504)
Gross profit		**8,041**	**6,950**	**15,498**
Administrative expenses		(8,359)	(6,589)	(14,244)
		(318)	**361**	**1,254**
Adjusted EBITDA	3	**1,686**	**2,017**	**4,997**
Less: depreciation		(86)	(105)	(253)
Less: depreciation on right of use asset		(394)	(491)	(1,056)
Less: amortisation and impairment of intangible assets	7	(1,120)	(915)	(2,048)
Less: share-based payment charge		(14)	(145)	(192)
Less: strategic, integration and other non-recurring items		(390)	-	(194)
Operating (loss)/profit		**(318)**	**361**	**1,254**
Finance income		9	7	19
Finance cost		(147)	(101)	(229)
Net finance cost		(138)	(94)	(210)
(Loss)/profit before tax		**(456)**	**267**	**1,044**
Income tax (charge)/credit	5	(59)	(60)	14
(Loss)/profit for the period		**(515)**	**207**	**1,058**
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss:				
Actuarial gains/(losses) arising on defined benefit pension, net of tax	-	-		162
Exchange differences on translating foreign operations		(189)	210	415
Other comprehensive (loss)/income for the period, net of tax		(189)	210	577
Total comprehensive (loss)/gain for the period attributable to the equity shareholders of the Parent		**(704)**	**417**	**1,635**

(Loss)/profit per ordinary share from continuing operations attributable to the equity shareholders of the Parent during the period (expressed in pence per ordinary share):

		Unaudited Six months ended 31 July 2023	Unaudited Six months ended 31 July 2022	Audited Year ended 31 January 2023
Basic (loss)/earnings per share	6	(0.5)	0.2	1.0
Diluted (loss)/earnings per share	6	(0.5)	0.2	0.9

Condensed consolidated statement of financial position
As at 31 July 2023

	Note	Unaudited As at 31 July 2023	Audited As at 31 January 2023	Unaudited As at 31 July 2022
	Note	£'000	£'000	£'000
Assets				

	Note			
Non-current assets				
Intangible assets including goodwill	**8**	18,531	17,408	15,940
Property, plant and equipment		265	302	376
Right-of-use assets		1,621	1,609	2,000
Total non-current assets		**20,417**	**19,319**	**18,316**
Current assets				
Trade and other receivables	**9**	12,322	14,151	12,305
Current income tax receivable		44	35	179
Cash and cash equivalents	**10**	3,250	5,036	4,529
Total current assets		**15,616**	**19,222**	**17,013**
Total assets		**36,033**	**38,541**	**35,329**
Liabilities				
Current liabilities				
Bank borrowings	**10**	(1,745)	(660)	(643)
Trade and other payables	**11**	(13,196)	(15,797)	(12,741)
Lease liabilities		(523)	(608)	(621)
Deferred consideration		-	(28)	(370)
Total current liabilities		**(15,464)**	**(17,093)**	**(14,375)**
Non-current liabilities				
Bank borrowings	**10**	(962)	(1,322)	(1,562)
Lease liabilities		(1,178)	(1,077)	(1,348)
Deferred consideration		-	-	-
Defined benefit pension obligation		(1,178)	(1,154)	(1,319)
Deferred tax		(547)	(544)	(1,058)
Total non-current liabilities		**(3,865)**	**(4,097)**	**(5,287)**
Total liabilities		**(19,329)**	**(21,190)**	**(19,662)**
Net assets		**16,704**	**17,351**	**15,667**

Share capital and reserves				
Share capital	**12**	20,161	20,155	20,150
Share premium account		30,497	30,488	30,479
Own shares held		(28)	(139)	(303)
Equity-settled employee benefits reserve		4,136	4,122	4,075
Merger reserve		16,465	16,465	16,465
Reverse acquisition reserve		(11,584)	(11,584)	(11,584)
Currency translation reserve		312	501	296
Accumulated losses		(42,778)	(42,180)	(43,434)
Purchase of non-controlling interest reserves		(477)	(477)	(477)
Equity attributable to shareholders of the Parent company		**16,704**	**17,351**	**15,667**
Total equity		**16,704**	**17,351**	**15,667**

Condensed consolidated statement of changes in equity
Period ended 31 July 2023

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Purchase of non-controlling interest reserve	Accum los
Balance at 31 January 2022 as restated (Audited)	**20,150**	**30,479**	**(303)**	**3,930**	**16,465**	**(11,584)**	**86**	**(477)**	**(**
Comprehensive income/(loss)									
Profit for the year	-	-	-	-	-	-	-	-	
Other comprehensive income/(loss)									
Actuarial gains arising on defined benefit pension	-	-	-	-	-	-	-	-	
Exchange differences on translating foreign operations	-	-	-	-	-	-	415	-	
Total other comprehensive (loss)/income	-	-	-	-	-	-	415	-	
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**415**	**-**	
Transactions with owners recognised directly in equity									
Recognition of share-based payments	-	-	-	192	-	-	-	-	
Issue of share capital	5	9	-	-	-	-	-	-	
Transfer of treasury shares	-	-	164	-	-	-	-	-	
	5	**9**	**164**	**192**	**-**	**-**	**-**	**-**	
Balance at 31 January 2023 (Audited)	**20,155**	**30,488**	**(139)**	**4,122**	**16,465**	**(11,584)**	**501**	**(477)**	**(**
Comprehensive income/(loss)									
Profit for the period	-	-	-	-	-	-	-	-	
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	-	-	-	(189)	-	
Total other comprehensive (loss)/income	-	-	-	-	-	-	(189)	-	
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	(189)	**-**	
Transactions with owners recognised directly in equity									
Recognition of share-based payments	-	-	-	14	-	-	-	-	
Issue of share capital	6	9							
Transfer of treasury shares			111						
	6	**9**	**-**	**14**	**-**	**-**	**(189)**	**-**	
Balance at 31 July 2023 (Unaudited)	**20,161**	**30,497**	**(28)**	**4,136**	**16,465**	**(11,584)**	**312**	**(477)**	**(**

£'000	Share capital	Share premium account	Own shares held	Equity-settled employee benefits reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Pur con in re
Balance at 31 January 2022 (Audited)	**20,150**	**30,479**	**(303)**	**3,930**	**16,465**	**(11,584)**	**86**	
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	-	
Other comprehensive (loss)/income								
Exchange differences on translating foreign operations	-	-	-	-	-	-	210	
Total other comprehensive (loss)/income	-	-	-	-	-	-	210	
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	210	
Transactions with owners recognised directly in equity								
Recognition of share-based payments	-	-	-	145	-	-	-	
	-	**-**	**-**	**-**	**-**	**-**	**-**	
Balance at 31 July 2022 (Unaudited)	**20,150**	**30,479**	**(303)**	**4,075**	**16,465**	**(11,584)**	**296**	

Condensed consolidated statement of cash flows
Period ended 31 July 2023

	Note	Unaudited Six months ended 31 July 2023 £'000	Unaudited Six months ended 31 July 2022 £'000	Audited Year ended 31 January 2023 £'000
Cash flows from operating activities				
Cash generated from operations	10	683	1,343	5,352
Interest received		9	6	19

Interest received		[illegible]	[illegible]	[illegible]
Interest paid		(147)	(81)	(229)
Tax paid		(59)	(26)	(-)
Tax received		-	-	179
Net cash from operating activities		**486**	**1,242**	**5,321**
Cash flows from investing activities				
Purchase of property, plant and equipment		(35)	(104)	(163)
Expenditure on product development and intellectual property capitalised		(2,565)	(1,563)	(3,854)
Net cash used in investing activities		**(2,600)**	**(1,667)**	**(4,017)**
Cash flows from financing activities				
Proceeds from loans and borrowings		1,100		500
Repayment of loans and borrowings		(313)	(206)	(1,043)
Repayment of lease obligations		(384)	(454)	(1,088)
Payment of deferred consideration on acquisition		(27)	-	(352)
Net proceeds from share issue		16	-	14
Net cash used in financing activities		**392**	**(660)**	**(1,980)**
Net decrease in cash and cash equivalents		**(1,722)**	**(1,085)**	**(676)**
Cash and cash equivalents at start of period		5,036	5,623	5,623
Effects of foreign exchange on cash and cash equivalents		(64)	(9)	89
Cash and cash equivalents at end of period	**10**	**3,250**	**4,529**	**5,036**

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 software along with related consultancy and support.

2. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 July 2023 has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting. The interim report does not include all the information required for a complete set of IFRS financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 January 2023 and any public announcements made by 1Spatial Plc during the interim reporting period. The annual financial statements of the Group were prepared in accordance UK adopted international accounting standards.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements as at and for the year ended 31 January 2023.The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have a material impact on the interim financial statements of the Group.

The financial information for the six months ended 31 July 2023 and 31 July 2022 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 2023 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.

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 October 2023.

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

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

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

Recurring Revenue	**H1 2024**	**H1 2023**	**FY2023**
Total Revenue	**15,537**	**14,028**	**30,002**
Adjustments:			
Services	(6,653)	(6,438)	(13,601)
Perpetual Licences - own	(188)	(271)	(393)
Perpetual Licences - third party	(508)	(695)	(1,253)
Recurring Revenue	**8,188**	**6,624**	**14,755**

Annualised Recurring Revenue	**H1 2024**	**H1 2023**	**FY2023**
Recurring Revenue	**8,188**	**6,624**	**14,755**
Adjustments:			
Timing differences on Net New Revenue in period	8,457	8,571	1,018
Annualised Recurring Revenue	**16,645**	**15,195**	**15,773**

Adjusted EBITDA	**H1 2024**	**H1 2023**	**FY2023**
(Loss)/profit before tax	**(456)**	**267**	**1,044**
Adjustments:			
Depreciation	480	596	1,309
Amortisation and impairment of intangible assets	1,120	915	2,048
Share-based payment charge	14	145	192
Strategic, integration and other one-off items	390	-	194
Net finance cost	138	94	210
Adjusted EBITDA	**1,686**	**2,017**	**4,997**

Operating Cashflow	**H1 2024**	**H1 2023**	**FY2023**
Cash generated from operations	**683**	**1,343**	**5,352**
Adjustments:			
Cash flow on strategic, integration and other non-recurring items	516	-	48
Cash generated from operations before strategic, integration and other non-recurring items	**1,199**	**1,343**	**5,400**

Free cash flow	**H1 2024**	**H1 2023**	**FY2023**
Cash generated from operations before strategic, integration and other non-recurring items	**1,199**	**1,343**	**5,400**
Adjustments:			

Adjustments:

Net interest paid	(138)	(75)	(210)
Net tax (paid)/received	(59)	(26)	179
Expenditure on product development and intellectual property capitalised	(2,565)	(1,563)	(3,854)
Purchase of property, plant and equipment	(35)	(104)	(163)
Lease payments	(384)	(454)	(1,099)
Free cash flow before strategic, integration and other non-recurring items	(1,982)	(879)	253
Cash flow on strategic, integration and other non-recurring items	(516)	-	(48)
Free cash flow	**(2,498)**	**(879)**	**205**

Net Cash	**H1 2024**	**H1 2023**	**FY2023**
Cash and cash equivalents	**3,250**	**4,529**	**5,036**
Adjustments:			
Bank Borrowings - current	(1,745)	(643)	(660)
Bank Borrowings - non-current	(962)	(1,562)	(1,322)
Net Cash	**543**	**2,324**	**3,054**

4. Revenue

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

Revenue by type

	H1 2024	H1 2023	
	£000	£000	
SaaS Solutions	0.09	-	
Term licences - own	2.45	1.14	114%
Term licences - third party	0.90	0.55	64%
SaaS and Term licences - total	**3.44**	1.69	103%
Support & maintenance	**4.74**	4.93	(4%)
Recurring revenue	**8.18**	6.62	24%
Services	**6.65**	6.44	3%
Perpetual licences - own	0.19	0.27	(27%)
Perpetual licences - third party	0.51	0.70	(30%)
Perpetual licences - total	**0.70**	0.97	(28%)
Total revenue	**15.53**	14.03	11%
Percentage of recurring revenue	53%	47%	

5. Taxation

The tax charge on the result for the six months ended 31 July 2023 is based on the estimated tax rates in the jurisdictions in which the Group operates for the year ending 31 January 2024.

6. (Loss)/earnings per share

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

	Unaudited	**Unaudited**	**Audited**
	Six months ended 31 July 2023	**Six months ended 31 July 2022**	**Year ended 31 January 2023**
	£'000	**£'000**	**£'000**
(Loss)/profit attributable to equity holders of the Parent	**(515)**	**207**	**1,058**

	Number	**Number**	**Number**
	000s	**000s**	**000s**
Ordinary shares with voting rights	**110,829**	**110,486**	**110,712**
Deferred consideration payable in shares	-	56	55
Basic weighted average number of ordinary shares	**110,859**	**110,542**	**110,807**
Impact of share options/LTIPs	3,264	3,890	2,845
	114,123	**114,432**	**113,652**

Diluted weighted average number of ordinary shares	114,125	114,452	115,032

	Unaudited	Unaudited	Audited
	Six months ended 31 July 2023 Pence	Six months ended 31 July 2022 Pence	Year ended 31 January 2023 Pence
Basic (loss)/earnings per share	(0.5)	0.2	1.0
Diluted (loss)/earnings per share	(0.5)	0.2	0.9

There is no material difference between basic earnings per share and diluted earnings per share.

For H1 FY 2024, 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.

7. Dividends

No dividend is proposed for the six months ended 31 July 2023 (31 January 2023: nil; 31 July 2022: nil).

8. Intangible assets including goodwill

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 February 2023	17,672	462	4,738	6,799	25,597	72	55,340
Additions	-	-	-	383	2,172	10	2,565
Effect of foreign exchange	(233)	(6)	(93)	(97)	(316)	-	(745)
At 31 July 2023	**17,439**	**456**	**4,645**	**7,085**	**27,453**	**82**	**57,160**
Accumulated impairment and amortisation							
At 1 February 2023	11,517	318	3,933	5,294	16,847	23	37,932
Amortisation	-	11	76	116	914	3	1,120
Effect of foreign exchange	93	2	73	52	203	-	423
At 31 July 2023	**11,424**	**327**	**3,936**	**5,358**	**17,558**	**26**	**38,629**
Net book amount at 31 July 2023	**6,015**	**129**	**709**	**1,348**	**10,274**	**56**	**18,531**

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 February 2022	17,194	450	4,547	6,574	21,228	72	50,065
Additions	-	-	-	7	1,556	-	1,563
Effect of foreign exchange	284	2	28	27	106	-	447
At 31 July 2022	**17,478**	**452**	**4,575**	**6,608**	**22,890**	**72**	**52,075**
Accumulated impairment and amortisation							
At 1 February 2022	11,330	291	3,640	4,958	14,826	17	35,062
Amortisation	-	11	73	103	725	3	915
Effect of foreign exchange	23	-	20	17	98	-	158
At 31 July 2022	**11,353**	**302**	**3,733**	**5,078**	**15,649**	**20**	**36,135**
Net book amount at 31 July 2022	**6,125**	**150**	**842**	**1,530**	**7,241**	**52**	**15,940**

	Goodwill	Brands	Customers and related contracts	Software	Development costs	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 February 2022	17,194	450	4,547	6,574	21,228	72	50,065
Additions	-	-	-	39	3,815	-	3,854
Effect of foreign exchange	478	12	191	186	554	-	1,421
At 31 January 2023	**17,672**	**462**	**4,738**	**6,799**	**25,597**	**72**	**55,340**
Accumulated impairment and							

impairment and amortisation							
At 1 February 2022	**11,330**	**291**	**3,640**	**4,958**	**14,826**	**17**	**35,062**
Amortisation	-	22	149	227	1,644	6	2,048
Effect of foreign exchange	187	5	144	109	377	-	822
At 31 January 2023	**11,517**	**318**	**3,933**	**5,294**	**16,847**	**23**	**37,932**
Net book amount at 31 January 2023	**6,155**	**144**	**805**	**1,505**	**8,750**	**49**	**17,408**
Net book amount at 31 January 2022	5,864	159	907	1,616	6,402	55	15,003

9. Trade and other receivables

	As at 31 July 2023	As at 31 January 2023	As at 31 July 2022
Current	**£'000**	**£'000**	**£'000**
Trade receivables	4,173	4,992	2,701
Less: provision for impairment of trade receivables	(22)	(29)	(25)
	4,151	4,963	2,676
Other receivables	1,747	2,044	1,618
Prepayments and accrued income	6,424	7,144	8,011
	12,322	**14,151**	**12,305**

10. Notes to the condensed consolidated statement of cash flows

a) Cash used in operations

	Unaudited Six months ended 31 July 2023	Unaudited Six months ended 31 July 2022	Audited Year ended 31 January 2023
	£'000	**£'000**	**£'000**
Profit/(loss) before tax	(456)	267	1,044
Adjustments for:			
Net finance cost	138	94	210
Depreciation	480	596	1,309
Amortisation of acquired intangibles	206	190	386
Amortisation and impairment of development costs	914	725	1,662
Share-based payment charge	14	145	192
Decrease/(increase) in trade and other receivables	1,580	216	(1,426)
(Decrease)/increase in trade and other payables	(2,226)	(668)	1,963
Increase/(decrease) in defined benefit pension obligation	33	24	12
Net foreign exchange movement	-	(246)	-
Cash from operations	**683**	**1,343**	**5,352**

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

	Unaudited As at 31 July 2023	Unaudited As at 31 July 2022	Audited As at 31 January 2023
	£'000	**£'000**	**£'000**
Decrease in cash in the period	(1,722)	(1,085)	(676)
Changes resulting from cash flows	**(1,722)**	**(1,085)**	**(676)**
Net cash inflow in respect of new borrowings	(1,100)	-	-
Net cash outflow in respect of borrowings repaid	313	206	543
Effect of foreign exchange	(2)	(28)	(44)
Change in net funds	**(2,511)**	**(907)**	**(177)**
Net funds at beginning of period	3,054	3,231	3,231
Net funds at end of period	**543**	**2,324**	**3,054**

Analysis of net funds			
Cash and cash equivalents classified as:			
Current assets	3,250	4,529	5,036
Bank and other loans	(2,707)	(2,205)	(1,982)
Net funds at end of period	**543**	**2,324**	**3,054**

Net funds at end of period	543	2,324	3,054

Net funds is defined as cash and cash equivalents net of bank loans.

11. Trade and other payables

Current	As at 31 July 2023 £'000	As at 31 January 2023 £'000	As at 31 July 2022 £'000
Trade payables	2,760	2,861	2,242
Other taxation and social security	2,671	3,653	2,993
Other payables	410	506	492
Accrued liabilities	1,307	1,229	1,651
Deferred income	6,048	7,548	5,363
	13,196	**15,797**	**12,741**

12. Share capital

	As at 31 July 2023 £'000	As at 31 January 2023 £'000	As at 31 July 2022 £'000
Allotted, called up and fully paid			
110,859,545 (H1 FY 2024: FY 2023: 110,859,545) ordinary shares of 10p each	11,093	11,087	11,082
226,699,878 (H1 FY 2024 and FY 2023: 226,699,878) deferred shares of 4p each	9,068	9,068	9,068
	20,161	**20,155**	**20,150**

There are 110,859,545 ordinary shares of 10p in issue, of which 29,899 ordinary shares are held in treasury. Consequently, the total number of voting rights is 110,829,646.

The deferred shares of 4p each do not carry voting rights or a right to receive a dividend. Accordingly, the deferred shares will have no economic value.

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