

1SPATIAL GROUP LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 JANUARY 2023**



1SPATIAL GROUP LIMITED

COMPANY INFORMATION

Directors	C Milverton S W Ritchie
Secretary	S M Wallace
Company number	04785688
Registered office	Tennyson House Cambridge Business Park Cowley Road Cambridgeshire CB4 0WZ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

1SPATIAL GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

The Directors present the Strategic Report and audited financial statements for the year ended 31 January 2023.

Objectives

Our primary objective is to generate value for our shareholders. 1Spatial Group Limited is a UK subsidiary of 1Spatial plc ("1Spatial") which is an AIM-listed company. 1Spatial Group Limited is the parent undertaking of Aon Spásúil Limited (Ireland) and 1Spatial Australia Pty Limited.

1Spatial is a leader in delivering Location Master Data Management ('LMDM') software and solutions.

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

1Spatial's solutions ensure data governance, facilitating the efficient, effective, and sustainable operation of customers around the world with domain focus on location and geospatial data. Our domain expertise and data agnostic approach allow us to be an integral and important part of the Geospatial Ecosystem, supporting the wider digital economy.

Our purpose is to help customers make confident and informed decisions by unlocking the value of location data for a safer, smarter and more sustainable world. We help our customers make critical location-based decisions in many different ways.

Strategy and business model

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

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

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

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

This growing business need means that location data is becoming more 'mainstream' as enterprise and government organisations place an increasing emphasis on its importance.

The variety of formats and repositories of this data, however, mean that much is currently unusable – fuelling the growth of solutions that will unlock the power of these datasets.

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

1SPATIAL GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Operational review

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

	2023	2022	Variance	Variance
	£	£	£	%
Turnover	12,303,528	10,334,424	1,969,104	19%
Gross profit	6,363,570	5,209,314	1,154,256	22%
Gross profit %	52%	50%	-	2%
Adjusted* EBITDA	3,317,807	2,567,377	750,430	29%
Profit before taxation	1,904,593	919,749	984,844	
Profit for the financial year	1,806,833	885,759	921,074	

*Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right of use asset depreciation), amortisation and impairment of intangible assets, share-based payment charges, management recharges and strategic, integration and other non-recurring items.

Turnover

Turnover has increased by around £2 million compared to the prior year. This was primarily due to the focus of selling more repeatable term licences, as well as the result of signing higher-value contracts in the year.

The Company continues to have a strong support and maintenance renewal, which is still at a renewal rate in excess of over 95%.

The key turnover streams are:

- Licences – these are either subscription (term) licences or perpetual licences with an annual support and maintenance fee in the region of 20% of the upfront licence fee
- Services – development and consultancy services to existing and new clients, utilising our Geospatial domain expertise
- Support and maintenance – which have arisen on the back of perpetual licence sales

The turnover streams are split as follows:

	2023	2022
Licences	23%	24%
Services	50%	46%
Support and maintenance	27%	30%

1SPATIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Overall result for the year

	2023	2022
	£	£
Adjusted EBITDA	3,317,807	2,567,377
Depreciation	(357,567)	(356,321)
Amortisation of intangible assets	(605,171)	(715,850)
Share-based payment charges	(66,898)	(64,370)
Management charges	(361,149)	(460,300)
Operating profit	1,927,022	970,536
Net finance cost	(22,429)	(50,787)
Profit before taxation	1,904,593	919,749
Tax	(97,760)	(33,990)
Profit for the financial year	1,806,833	885,759

The Company's adjusted EBITDA for the financial year was £3,317,807 (2022: £2,567,377). The increase in profits from the prior year is primarily driven by the increased revenue from the higher-value contracts signed in the year, together with an increased gross margin percentage of 52% (2022: 50%).

Amortisation and impairment of intangible assets

Overall, amortisation of intangible assets has decreased on the prior year by £110,679 as several product enhancements were fully amortised by the end of the prior year. No impairment has been recognised in the current year (2022: £Nil).

Share-based payment charge

The share option charge represents the 'non-cash' charge attributable to issuing share options. This share option scheme is part of the Group's strategy to attract, motivate and retain talent within the business.

Management recharges

Management recharges are excluded from EBITDA as they fluctuate from year to year and this therefore provides a more comparable performance base to management and users of the accounts.

Strategic, integration and other non-recurring items

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

Tax on profit

The Company recognised a tax charge of £97,760 (2022: £33,990). The current year charge is net of a research and development tax credit of £56,760 (2022: £172,292).

1SPATIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Our approach and strategy for growth

We are building our highly scalable business on three pillars: Innovation, Customer Relationships and Smart Partnerships. We have now completed two years of our three-year strategy, having made strong progress across all three pillars.

1. Innovation

Innovation lies at the heart of 1Spatial and during the year we invested in our market-leading platform to ensure our patented software remains at the forefront of the expanding industry. Our software can handle huge volumes of complex data allowing our customers not only to ensure accuracy and security but also save significant amounts of time and money, giving them the ability to solve complex challenges in the management of their spatial and non-spatial data.

We have both a UK and US Patent for Modification and Validation of Spatial Data, recognising its power as a tool to ensure good quality data and facilitate trust when sharing data. The patent protects the use of 1Spatial's Rules Engine technology, which is used in 1Integrate.

The 1Spatial Platform for Location Master Data Management can be split into two key areas:

- Data Management Solutions - Managing data to ensure it is correct, consistent and compliant; and
- Business Applications - Applications can either plug directly into the 1Spatial Platform or alternatively can plug into the 1Spatial Platform whilst also utilising the benefits of the underlying Esri technology

2. Customer Relationships

We continued to strengthen our relationships with existing customers throughout the year and secured new customer wins. Our aim is to be our customers' strategic partner and advisor in LMDM. We typically expand our customer relationships over time, as we identify additional areas where our software and expertise can support our customers.

3. Smart Partnerships

Partnerships have played a critical role in enabling us to secure new customers in the year, demonstrating the credibility of these businesses.

Key focus areas have been to identify and extend our relationships with large global corporates, where location data management forms part of a larger customer bid, and to extend our technology partnerships with Esri and other geospatial vendors.

1SPATIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Principal risks and uncertainties

The management of the business and the execution of the Group's strategies are subject to a number of risks. In the opinion of the Board, the key business risks affecting the Company are as follows:

Macro-economic or political changes (e.g. escalation of war in Ukraine) and impact on customers and operations

Risk: With the uncertainty across global markets emerging from the COVID-19 pandemic, which is now exacerbated by the war in Ukraine and the impact in particular on inflation and interest rates, there is the risk that companies and government agencies are under more pressure to reduce spending budgets. New projects may require a more robust business case before investing in technology and services which can impact or lengthen deal sales cycles and reducing deal size.

Mitigation: Whilst there are these macro-economic risks, they may provide an opportunity for 1Spatial. The large fiscal stimuli in major economies and the green agenda may also provide a cushion to these risks. Our automated technology enables customers to achieve greater internal efficiencies and therefore should reduce customers' total costs in the long run. The Group is also mitigating this risk by looking to diversify the industry sectors and geographies in which it operates.

Key management and employees may leave the business

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

Mitigation: In order to mitigate this risk, the Group aims to create a rewarding working environment that will attract staff by offering competitive salaries and benefits, structured career paths, tailored training and by encouraging a culture of free thinking and innovation. The Group has an established employee share plan which key employees participate in. Further awards are planned in future years to incentivise management and employees. This is part of the reward structure to deliver long-term value and align the interests of key people with those of the Company's shareholders.

Reliance on key customers

Risk: The Group has traditionally had some client concentration and over reliance on certain key customers. There is a risk with this narrow approach that disruption within one or two clients can have an adverse effect on overall Group performance.

There are also risks that arise from signing higher value contracts and managing the relationship with customers through partners on larger projects, as well as managing the recruitment of additional resources, project scope and ensuring profitable delivery.

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

We continue to invest in the relationships with our key partners, which we see as core to our growth strategy. As part of this we have recruited a global partner manager to focus on managing our key relationships in a more professional way. We have also recruited a Chief Commercial Officer who is focusing on managing our project delivery and exploring ways that we can improve our project management.

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Reliance on key customers (continued)

As recurring revenue from term licenses increases, the percentage of annual revenue that is at risk from any disruption from key customers will be reduced.

Growth management

Risk: The Group is focused on revenue growth – both organically and potentially through acquisitions – to increase our market reach in the geographies that we currently operate in, as well as the solutions that we offer in those geographies.

Mitigation: The business development strategy is closely monitored by the senior team and the Group's pipeline of opportunities is regularly reviewed at sales and Board meetings.

Organic growth

If the Group is unable to manage expansion effectively, its business and financial results could suffer. There are potential risks to achieving revenue growth from competitors with open system offerings and similar solutions. There are also greater challenges arising from managing larger longer-term complex projects.

Mitigation: The investment in core solutions together with the development of new business applications, particularly those delivered through the cloud, will enable the Group to scale more rapidly. The risk of poor project management and overruns has been mitigated by the recruitment of a Chief Commercial Officer whose remit includes improving management of project delivery and services financial performance.

Growth from sale of new SaaS solutions

Over the last number of years, we have devoted investment and resources to developing our SaaS offering, the TMPA product. We believe there is a significant market opportunity in this area and limited competition. These products are substantially complete. Despite the go-to-market strategy that we have developed, there is a risk that the revenue we generate could be slightly delayed.

Mitigation: In order to mitigate this risk to an acceptable level, we have subjected this product to extensive internal testing and are in the process of trialling them with a number of key prospects. Very positive feedback on the trials and on the demonstrations at industry events has been received to date.

Inorganic growth

The risks associated with inorganic growth include the delivery of market penetration through the integration of the acquisitions, conversion of leads to sales, and control of increases in fixed operating costs to support revenue growth.

Mitigation: The successful integration of any acquisition is a key Board priority to ensure that it brings the required synergies and benefits to the Group. The Group conducts rigorous due diligence as part of any potential acquisition to ensure financial, operational and technological aspects are understood.

1SPATIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

A major technology failure may adversely disrupt operations

Risk: Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure could seriously disrupt operations, including the provision of customer services and result in a decline in revenues.

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

A data breach may adversely impact operations and damage business reputation

Risk: Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure result in the loss or misuse of sensitive information, including client data. Legal or regulatory breaches could result in potential liability, and reputational damage among the customer base leading to a decline in revenues as well as significant penalties or fines.

Mitigation: The Group continues to invest in technical and security resources and regularly reviews its information security policies and procedures to ensure it reduces the risk, and mitigates the impact, of any potential data security breach. The Group has ISO 9001 (QMS Quality Management System Certification) accreditation in some countries.

Reliance on key software partners

Risk: The Group works with key partners in each geospatial market to provide customers with software and services. Our software tools can be bought stand-alone or within our partners' platforms. The Group therefore has reliance on maintaining good relationships with key partners to provide software and services to customers. There is a risk that these partners may have application software issues that impact 1Spatial's ability to deliver projects on time and to budget.

Mitigation: The Group's management team works to maintain good relationships with its partners in each country, including regular meetings throughout the year.

Escalation routes are established to ensure any issues can be mutually resolved quickly. The management team works with each partner to identify points of collaboration to achieve wherever possible a win for both companies.

Loss of intellectual property

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

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

Managing inflationary cost pressures

Risk: As the risk of increasing inflation (and indeed, potential stagflation) affects our costs, primarily salary costs of our workforce, there is a risk that the Group's profitability will suffer.

Mitigation: In order to minimise inflationary risks to profitability, we have reviewed all our charge out rates for consultants, as well as product and solution prices and applied increases accordingly.

1 SPATIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Where applicable, we have amended sales contract terms to ensure inclusion of appropriate RPI increases. We have undertaken salary benchmark reviews in order to ensure that we continue to pay competitively.

Where we have core software solutions that we use to support the business, we have sought to lock in prices on a longer term contract basis where commercially it makes sense to do so.

Pandemic (COVID-19) disrupts business operations

Risk: The impact of further lockdowns and extended social distancing restrictions that may result as a consequence of the ongoing global pandemic, could have an impact on the ability of employees to deliver services and support to customers. It could also impact our ability generate new business, given the limited ability to host physical user events for our customers and attend industry exhibitions and events. A continued or new future lock-down of customer offices may reduce our ability to carry out our consulting services and delay or reduce income during these restrictions.

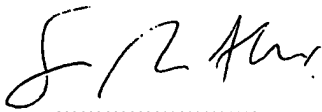
Mitigation: We successfully facilitated a move to remote working across all our sites in March 2020, enabling the Board to function and management teams and staff to maintain engagement with our customers and key stakeholders. In the last financial year, we successfully continued to evolve a hybrid approach to operations and client delivery. We have provided our customers with user events on a virtual basis through webinars and also attending events and exhibitions on a virtual basis, although in-person or hybrid events are now returning.

Currency fluctuation

Risk: As an international Group, with revenue and costs in foreign currencies, the financial results are exposed to currency movements, predominantly US\$ and €.

Mitigation: The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies. There is a high degree of natural hedging of revenues with costs in overseas operations. Any residual currency exposure is managed by using spot and forward currency contracts to offset that risk as soon as the currency exposure is known with reasonable certainty.

On behalf of the Board



.....
S W Ritchie
Director

Date 21/07/2023
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1SPATIAL GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

The Directors present their Annual Report and audited financial statements for the year ended 31 January 2023.

Principal activities

1Spatial Group Limited ("the Company") is a software development company which provides location-based software and related services. The majority of the business comprises the sale of its own 1Spatial software products and related services. It is also a reseller of other location-based software products. For almost fifty years, the 1Spatial business has been delivering solutions and services to public and private sector organisations who handle petabyte volumes of location-based business critical data.

Business review

The 1Spatial business has a strong customer base in some of the world's largest National Mapping Agencies ("NMAs") and these relationships have been built over many years throughout the history of the Company. The 1Spatial business product manages data for many of the NMAs and this puts 1Spatial business as a strategic partner and provider of technology in this market. The business will put a continued focus on product development and the innovation of its intellectual property and offerings, providing both on-premise and Cloud solutions through its 1Spatial Cloud platform.

1Spatial Group Limited is the parent undertaking of the principal trading subsidiaries of Aon Spásúil Limited and 1Spatial Australia Pty Limited.

The results of 1Spatial Group Limited are included in the 31 January 2023 results of its parent, 1Spatial plc.

Results

The Company's profit for the financial year was £1,806,833 (2022: £885,759). The increase in profits from the prior year is primarily driven by the increased revenue from the higher-value contracts signed in the year together with a higher gross margin derived from these contracts compared to the prior year.

Financial risk management

Credit risk

The Company trades only with recognised, creditworthy third parties and independent credit checks and credit limits are managed by the trading entities. Credit limits can only be exceeded if authorised by the 1Spatial plc Board. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company. Amounts owed by Group undertakings are assessed for recoverability and amounts are only advanced if it is in line with the Company strategy.

Liquidity risk

The Company's objective is to maintain sufficient funds to support the ongoing strategic and trading activities of the Company. Detailed forecasting is carried out at local level in the operating companies and this is combined into a group cash flow forecast. The Company forecasts are compared to available facilities to ensure that sufficient headroom is anticipated.

Cash flow and interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Should substantial facilities be put in place in the future then the Board will consider the impact of such facilities and whether it will be appropriate to hedge the interest rate risk.

1SPATIAL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Currency risk

Foreign exchange exposures arising from transactions in various currencies are reduced through a policy of matching, as far as possible, receipts and payments in each individual currency.

Going concern

As disclosed in the going concern section of note 2 of the consolidated financial statements of 1Spatial plc (the parent company), Summary of significant accounting policies, the group has used as its basis for the going concern review the budget for the FY24 year, rolled out to 31 July 2024 using part of its forecast for FY 2025, so that a full 12-month period from the date of signing is considered. Due to the uncertainty from potential macro-economic impacts, in addition to applying the normal sensitivities to cash flows, the going concern review also included a reverse-stress test to demonstrate that even if new business and renewals are severely impacted by further pandemic restrictions, or global knock-on impacts from the war in Ukraine, the finances of the group are in a robust position.

For these financial statements, the Directors have assessed actual results versus forecast between the respective sign off dates and no material changes were noted. The Company is a guarantor to the Group's bank facilities. The ultimate holding company 1Spatial plc will support 1Spatial Group Ltd as needed and has the ability to do so based on its forecast cashflows and available facilities.

Taking into account the cash flow projections and after reviewing the work performed detailed above including the letter of support, the Directors have concluded that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Research and development

The Company performs research and development activities as described within the Strategic Report on pages 2 to 9. The Company expenses research activities to the statement of comprehensive income and capitalises development activities should the cost meet the relevant criteria.

Disclosure of information in the Strategic Report

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006 to present information regarding its principal risks and future developments in the Strategic Report.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Milverton	
A M Fabian	(Resigned 19 December 2022)
S W Ritchie	(Appointed 19 December 2022)
J C Shears	(Resigned 11 April 2023)

Directors' indemnities

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

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be re-appointed as auditor of the company will be put at a General Meeting.

1SPATIAL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

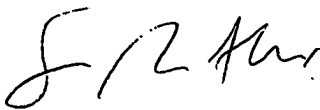
FOR THE YEAR ENDED 31 JANUARY 2023

Statement of disclosure of information to auditors

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

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

On behalf of the Board



.....
S W Ritchie
Director

Date 21/07/2023
.....

1SPATIAL GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

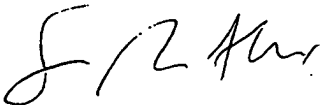
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

On behalf of the Board



.....
S W Ritchie
Director

Date 21/07/2023
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1SPATIAL GROUP LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of 1Spatial Group Limited ("the Company") for the year ended 31 January 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1SPATIAL GROUP LIMITED

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework, the Companies Act 2006, data privacy and the relevant tax compliance legislation.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and through reviewing legal correspondence. We corroborated our enquiries through our review of board minutes and discussion with management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1SPATIAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

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

- We also reviewed the Company's tax computations and returns and financial statements disclosures against the requirements of the relevant tax legislation and applicable accounting frameworks respectively.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud.
- Our audit planning identified fraud risks in relation to management override and inappropriate or incorrect revenue recognition. We obtained an understanding of the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how management monitors those processes and controls.
- With regards to the fraud risk in management override, our procedures included journal transaction testing, with a focus on unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates which are subject to management's judgement and estimation, and could be subject to potential bias; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- With regards to the risk of fraud in revenue recognition, our procedures included assessing whether the revenue recognition policies adopted by the Company comply with accounting standards. We tested each revenue stream based on the risk identified for each stream, including sample testing of sales transactions in year to supporting evidence such as agreements and evidence of delivery of the performance obligation. We checked a sample of licence revenue transactions around year end against the date the performance obligation was satisfied to check that revenue was recorded in the correct period.

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

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

Use of our report

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

DocuSigned by:

BDO LLP

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Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

21 July 2023
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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

1SPATIAL GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £	2022 £
Turnover	5	12,303,528	10,334,424
Cost of sales		(5,939,958)	(5,125,110)
Gross profit		<u>6,363,570</u>	<u>5,209,314</u>
Administrative expenses		(4,436,548)	(4,238,778)
Adjusted* EBITDA		3,317,807	2,567,377
Depreciation		(357,567)	(356,321)
Amortisation and impairment		(605,171)	(715,850)
Management charges		(361,149)	(460,300)
Share-based payments		(66,898)	(64,370)
Operating profit	6	1,927,022	970,536
Interest receivable and similar income	8	2,622	143
Interest payable and similar expenses	8	(25,051)	(50,930)
Profit before taxation		<u>1,904,593</u>	<u>919,749</u>
Tax on profit	9	(97,760)	(33,990)
Profit for the financial year		<u>1,806,833</u>	<u>885,759</u>
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		<u><u>1,806,833</u></u>	<u><u>885,759</u></u>

*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 charges and management recharges.

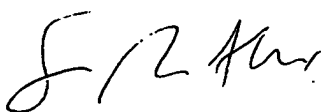
STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	4,901,739	3,633,261
Tangible assets	11	97,082	60,870
Right-of-use assets	11	600,780	914,233
Investments	12	445,527	445,527
		<u>6,045,128</u>	<u>5,053,891</u>
Current assets			
Debtors	13	8,347,192	7,736,829
Cash at bank and in hand	14	3,131,039	2,401,956
		<u>11,478,231</u>	<u>10,138,785</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	(10,780,910)	(10,138,851)
Net current assets/(liabilities)		<u>697,321</u>	<u>(66)</u>
Total assets less current liabilities		<u>6,742,449</u>	<u>5,053,825</u>
Non-current liabilities			
Créditors: Amounts falling due after one year	16	(300,155)	(642,235)
Provisions for liabilities			
Other provisions	18	(138,000)	(138,000)
Deferred tax liabilities	19	(561,833)	(404,860)
		<u>(699,833)</u>	<u>(542,860)</u>
Net assets		<u>5,742,461</u>	<u>3,868,730</u>
Capital and reserves			
Called up share capital	22	11,666	11,666
Share premium account		30,243	30,243
Capital redemption reserve		4,005	4,005
Other reserves		964,266	897,368
Profit and loss account		4,732,281	2,925,448
Total shareholders' funds		<u>5,742,461</u>	<u>3,868,730</u>

The notes on pages 20 to 40 are an integral part of these financial statements.

These financial statements on pages 17 to 40 are approved by the Board of Directors and authorised for issue on 21/07/2023 and are signed on its behalf by:



.....
S W Ritchie
Director

1SPATIAL GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £	Share premium account £	Capital redempt- -ion reserve £	Other reserves £	Profit and loss account £	Total share- -holders' funds £
Balance as at 1 February 2021	11,666	30,243	4,005	832,998	2,039,689	2,918,601
Profit for the financial year	-	-	-	-	885,759	885,759
Total comprehensive income for the financial year	-	-	-	-	885,759	885,759
Credit relating to equity settled share-based payments	-	-	-	64,370	-	64,370
Total transactions with owners recognised directly in equity	-	-	-	64,370	-	64,370
Balance as at 31 January 2022	11,666	30,243	4,005	897,368	2,925,448	3,868,730
Profit for the financial year	-	-	-	-	1,806,833	1,806,833
Total comprehensive income for the financial year	-	-	-	-	1,806,833	1,806,833
Credit relating to equity settled share-based payments	-	-	-	66,898	-	66,898
Total transactions with owners recognised directly in equity	-	-	-	66,898	-	66,898
Balance as at 31 January 2023	11,666	30,243	4,005	964,266	4,732,281	5,742,461

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

1. General information

The principal activity of the Company is that of software development, providing location-based software and related services.

The Company is a private company limited by shares and it is registered and incorporated in England and Wales. The address of its registered office is Tennyson House, Cambridge Business Park, Cowley Road, Cambridgeshire, CB4 0WZ.

The Company is a guarantor to the Group's banking facilities with NatWest. The ultimate holding company 1Spatial plc will support 1Spatial Group Ltd as needed and has the ability to do so based on its forecast cashflows and available facilities.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but make amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group financial statements of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a cash flow statement and related notes;
- A reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Comparative period reconciliations for share capital, investments, tangible fixed assets and intangible fixed assets;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new IFRS in issue but not yet effective at the reporting date;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income;
- Disaggregated and total revenue from contracts with customers;
- Explanation of significant changes in contract assets and liabilities;
- Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
- Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Reduced disclosures (continued)

- Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract; and
- Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract.

Adoptions of new and revised standards

There were no new or revised accounting standards that have a significant impact on the Company's reporting results.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, 1Spatial plc. The Directors have received a legally binding written confirmation that 1Spatial plc intends to support the Company for at least one year after these financial statements are signed.

As disclosed in the going concern section of note 2 of the consolidated financial statements of 1Spatial plc (the parent company), Summary of significant accounting policies, the group has used as its basis for the going concern review the budget for the FY24 year, rolled out to 31 July 2024 using part of its forecast for FY 2025, so that a full 12-month period from the date of signing is considered. Due to the uncertainty from potential macro-economic impacts, in addition to applying the normal sensitivities to cash flows, the going concern review also included a reverse-stress test to demonstrate that even if new business and renewals are severely impacted by further pandemic restrictions, or global knock-on impacts from the war in Ukraine, the finances of the group are in a robust position.

Taking into account the cash flow projections and after reviewing the work performed detailed above including the letter of support, the Directors have concluded that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of these financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Consolidation

The financial statements present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by section 400 of the Companies Act 2006, as it is a subsidiary undertaking of 1Spatial plc, a Company incorporated in England and Wales, and is included in the consolidated financial statements of 1Spatial plc. The consolidated financial statements of 1Spatial plc are available from Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ.

Foreign and functional currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Administrative expenses'.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Tangible assets

All tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Right of use assets	Over period of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the statement of comprehensive income.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

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

Amortisation is recognised on a straight-line basis over their estimated useful lives, as follows:

Intellectual property	10 years
Development costs	2 - 5 years
Computer software	3 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Impairment of fixed assets

At each year end, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Impairment losses are recognised in the Statement of Comprehensive Income.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

Cash at bank and in hand

Cash at bank and in hand comprise cash in hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other debtors

Trade debtors are initially measured at their transaction price. Group and other debtors are initially measured at fair value plus transaction costs. Debtors are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these debtors are subsequently measured at amortised cost using the effective interest rate method.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Impairment of trade debtors

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the debtor. The risk of a default occurring always takes into consideration all possible default events over the expected life of those debtors ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historical credit loss experience by product type, customer type and location.

Impairment of other debtors measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of a default when the financial asset was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the debtor and are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade, group and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less.

Trade, group and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Financial liabilities and equity (continued)

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pensions

The Company operates a defined contribution pension scheme for employees. Contributions are paid as fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Share-based payments

The Company operates an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for equity instruments (options) of the ultimate parent company, 1Spatial plc. The awards are granted by the parent and the Company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market-based performance conditions (for example, the Parent Company's share price) but excluding the impact of any service and non-market performance vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised the Company is recharged the options' original fair value as of the grant date from 1Spatial plc. This recharge is accounted for as a deduction from shareholders' funds.

Turnover recognition

Turnover comprises the fair value of the consideration received or receivable for software licences, support and maintenance, professional services and software development services in the ordinary course of the Company's activities. The consideration is allocated between the individual performance obligations in a contract, and revenue is recognised when the associated performance obligations have been met.

Turnover for each of the Company's different revenue streams and how it is recognised is set out below.

Software Licences

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

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

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Turnover recognition (continued)

Support and Maintenance

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

Where fees for support and maintenance are bundled with the licence fee, the transaction price is allocated to the distinct performance obligation with turnover recognised when the performance obligation has been met.

Professional Services

Turnover is recognised based upon stage of completion of the services project or where there are a series of distinct milestones, to the completion of that element of the overall services project. The stage of completion is based on a percentage of completion basis, as determined by the percentage of labour costs incurred to date compared to the total estimated labour costs of a contract.

Software Development Services

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

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Leases - as lessee

On commencement of a contract (or part of a contract) which gives the company the right to use an asset for a period of time in exchange for consideration, the company recognises a right-of-use asset and a lease liability unless the lease qualifies as a short-term lease or a low-value lease.

Leases of low-value assets

For leases where the underlying asset is low-value (less than \$5,000 when new), lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial and subsequent measurement of the right-of-use asset

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the company.

1 SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Initial and subsequent measurement of the right-of-use asset (continued)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property	on a straight-line basis over the shorter of the lease term and the useful life
Leased motor vehicles	on a straight-line basis over the shorter of the lease term and the useful life

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus additional periods arising from extension options that the company is reasonably certain to exercise and termination options that the company is reasonably certain not to exercise.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss.

Remeasurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to lease payments due to a change in an index or rate are recognised when the change takes effect and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate use is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee company's incremental borrowing rate at the date of the modification.

1SPATIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

2. Summary of significant accounting policies (continued)

Lease modifications (continued)

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss. For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Research and development

Expenditure on research is written off against profits in the year in which it is incurred. Development expenditure is capitalised when it meets the relevant criteria as referred to under the intangible assets accounting policy. The Company is entitled to claim special tax allowances in relation to qualifying research and development expenditure, e.g. R&D tax credits. The Company accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the Company and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts are due in respect of them and not settled by the statement of financial position date, reduce current tax payable.

Strategic, integration and other non-recurring items

The Directors consider that certain other non-recurring items should be highlighted in order to understand the underlying trading performance of the business.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

Capitalisation of development expenditure

Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated.

Impairment of non-financial assets

Non-financial assets including investments and intangible fixed assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which included management assumptions and estimates of future performance.

Other estimates and assumptions include:

- Revenue recognition, namely allocation of consideration to different performance obligations
- Provisions
- Number of share options that will vest under share options schemes; and
- Initial and subsequent measurement of the right-of-use assets and lease liabilities

4. Financial instruments

The Company has no financial assets or financial liabilities measured at fair value through profit or loss.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

5. Turnover

Turnover is derived from the principal activities of the Company; turnover attributable to each of the Company's geographical markets is as follows:

	2023	2022
	£	£
United Kingdom	10,453,976	8,886,068
EU countries	865,222	589,470
Rest of the World	984,330	858,886
	<u>12,303,528</u>	<u>10,334,424</u>

The turnover information above is based on the location of the customer.

Analysis of turnover by category:	2023	2022
	£	£
Licences	2,822,000	2,452,599
Services	6,154,288	4,784,396
Support and maintenance	3,327,240	3,097,429
	<u>12,303,528</u>	<u>10,334,424</u>

Of the Company's turnover for the year, £2,936,840 (2022: £2,910,459) was recognised in respect of performance obligations satisfied at a point in time, and £9,366,688 (2022: £7,423,965) was recognised in respect of performance obligations satisfied over time.

6. Operating profit

2023
£

2022
£

Operating profit is stated after charging/(crediting):

Wages and salaries	6,219,930	4,733,357
Social security costs	720,899	534,730
Other pension costs	466,489	330,675
Share-based payments	66,898	64,370
Staff costs	<u>7,474,216</u>	<u>5,663,132</u>
Depreciation of tangible fixed assets – owned assets	44,114	35,846
Depreciation of tangible fixed assets – right-of-use assets	313,453	320,475
Amortisation of intangible assets	605,171	715,850
Exchange gains	(216,787)	(139,893)
Short term and low value lease charges	3,041	1,222
Research expenditure	240,628	214,630
Audit fees payable to the Company's auditors	<u>32,736</u>	<u>26,400</u>

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

7. Employees and Directors	2023 Number	2022 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Management	1	1
Administration	14	11
Sales	12	10
Product/Marketing	16	12
Consultancy and support	38	29
Development	43	37
	<u>124</u>	<u>100</u>
	<u><u>124</u></u>	<u><u>100</u></u>
Directors' remuneration	2023	2022
	£	£
Aggregate emoluments	121,246	106,425
Pension contributions	7,420	7,029
	<u>128,666</u>	<u>113,454</u>
	<u><u>128,666</u></u>	<u><u>113,454</u></u>

The remuneration above relates to a single director remunerated by the Company. The remaining directors' remuneration is borne by 1Spatial plc. The Directors do not believe that it is practicable to apportion this amount between their qualifying services as Directors of the Company and their qualifying services as Directors of the holding company and fellow subsidiary companies.

8. Interest receivable and payable	2023 £	2022 £
<i>Interest receivable and similar income:</i>		
Bank interest	2,622	143
	<u>2,622</u>	<u>143</u>
<i>Interest payable and similar expenses:</i>		
Bank charges	(3,690)	(3,088)
Interest on lease liabilities	(21,361)	(47,842)
	<u>(25,051)</u>	<u>(50,930)</u>
	<u><u>(25,051)</u></u>	<u><u>(50,930)</u></u>

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

9. Tax on profit	2023 £	2022 £
Current tax:		
R&D tax credit	(56,760)	(172,292)
Adjustment in respect of prior periods	(6,714)	-
Foreign taxation	4,261	-
Total current tax	<u>(59,213)</u>	<u>(172,292)</u>
Deferred tax:		
Origination and reversal of timing difference	119,909	143,573
Adjustments in respect of prior periods	(802)	-
Effect of tax rate change on opening balance	37,866	62,709
Total deferred tax	<u>156,973</u>	<u>206,282</u>
Total tax on profit	<u>97,760</u>	<u>33,990</u>
Factors affecting tax charge for the year		
The tax assessed for the year is lower than the effective rate of corporation tax as explained below:	2023	2022
	£	£
Profit before taxation	1,904,593	919,749
Profit before taxation multiplied by the effective rate of corporation tax 19% (2022: 19%)	<u>361,873</u>	<u>174,752</u>
Effects of:		
Expenses not deductible for tax purposes	13,531	9,119
Additional deduction for R&D expenditure	(329,206)	-
Effect of movement in deferred tax rate	37,867	97,167
Transfer pricing adjustments	5,599	301
Surrender of tax losses for R&D claim	74,375	(65,693)
R&D tax credit	(56,760)	(172,292)
Losses not recognised for tax purposes	-	(9,364)
Adjustments in respect of prior periods – current tax	(6,714)	-
Adjustments in respect of prior periods – deferred tax	(802)	-
Other	(2,003)	-
Total tax charge	<u>97,760</u>	<u>33,990</u>

Finance Act 2021 was substantively enacted on 24 May 2021 which stated that the UK main corporation tax rate will remain at 19% from 1 April 2020 until 1 April 2023, where it will increase to 25%. As the change has been substantively enacted at the balance sheet date, any deferred tax assets and liabilities that are expected to mature on or after 1 April 2023 are calculated at a rate of 25%.

At 31 January 2023, the Company has trade losses of £1,852,801 (2022: £1,852,801) and other losses of £Nil (2022: £20,773) to carry forwards to set against future profits.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

10. Intangible assets	Intellectual property £	Development costs £	Computer software £	Total £
Cost:				
At 1 February 2022	76,741	9,569,952	225,308	9,872,001
Additions	-	1,873,649	-	1,873,649
At 31 January 2023	<u>76,741</u>	<u>11,443,601</u>	<u>225,308</u>	<u>11,745,650</u>
Accumulated amortisation and impairment:				
At 1 February 2022	15,214	6,015,271	208,255	6,238,740
Amortisation charge for the year	5,849	589,557	9,765	605,171
At 31 January 2023	<u>21,063</u>	<u>6,604,828</u>	<u>218,020</u>	<u>6,843,911</u>
Net book value:				
At 31 January 2023	<u>55,678</u>	<u>4,838,773</u>	<u>7,288</u>	<u>4,901,739</u>
At 31 January 2022	<u>61,527</u>	<u>3,554,681</u>	<u>17,053</u>	<u>3,633,261</u>

Intellectual property assets comprise of costs for patents produced by the Company. Patents are only amortised from the point they reach a commercial state.

Included in the carrying value of development costs are the capitalised costs in respect of internally developed software which is subsequently made available for sale. The development costs capitalised above are amortised over a period of 2 to 5 years which represents the period over which the Directors expect the Company to consume the asset's future economic benefits. The development costs are amortised from the point at which the asset is ready for use within the business.

Intangible assets amortisation and impairment is recorded in administrative expenses.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

11. Tangible assets	Leasehold property £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost:					
At 1 February 2022	1,698,083	890,766	347,961	35,120	2,971,930
Additions	-	80,326	-	-	80,326
At 31 January 2023	<u>1,698,083</u>	<u>971,092</u>	<u>347,961</u>	<u>35,120</u>	<u>3,052,256</u>
Accumulated depreciation:					
At 1 February 2022	783,850	829,896	347,961	35,120	1,996,827
Charge for the year	313,453	44,114	-	-	357,567
At 31 January 2023	<u>1,097,303</u>	<u>874,010</u>	<u>347,961</u>	<u>35,120</u>	<u>2,354,394</u>
Net book value:					
At 31 January 2023	<u>600,780</u>	<u>97,082</u>	<u>-</u>	<u>-</u>	<u>697,862</u>
At 31 January 2022	<u>914,233</u>	<u>60,870</u>	<u>-</u>	<u>-</u>	<u>975,103</u>

Tangible assets depreciation is recorded in administrative expenses.

Carrying amount of right-of-use assets included within:	2023 £	2022 £
Leasehold property	<u>600,780</u>	<u>914,233</u>

12. Investments	Shares in subsidiary undertakings £
Cost:	
At 1 February 2022 and 31 January 2023	<u>1,600,359</u>
Impairment:	
At 1 February 2022 and 31 January 2023	<u>1,154,832</u>
Net book value:	
At 31 January 2022 and 31 January 2023	<u>445,527</u>

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

12. Investments (continued)

The Company's subsidiary undertakings as at 31 January 2023 are set out below:

Name of company and registered office	Country of incorporation or registration	Class of shares held	Proportion of class
1Spatial Australia Pty Limited <i>Registered office: C/o BDO, Level 11, 1 Margaret Street, Sydney, NSW 2000</i>	Australia	Ordinary	100%
Aon Spásúil Limited <i>Registered office: First Floor, 11 Exchange Place, International Financial Service Centre, Dublin 1</i>	Ireland	Ordinary	100%

The active subsidiaries are engaged in location-based software and development and consultancy.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

The recoverable amount of the investments held is determined from value in use calculations for each cash generating unit (CGU) covering a two-year period. The detailed plan put together by the management team and the Board makes judgements and assessments on turnover and gross profit expectations. This is from both contracted and pipeline revenue streams. It also takes account of historical success of winning new work.

13. Debtors	2023	2022
	£	£
<i>Due within one year:</i>		
Trade debtors	798,707	996,765
Amounts owed by group undertakings	4,665,943	4,241,765
Corporation tax	56,667	172,292
Other debtors	49,143	3,500
Prepayments and accrued income	2,776,732	2,322,507
	<u>8,347,192</u>	<u>7,736,829</u>

Amounts owed by group undertakings are unsecured, interest free and are payable on demand.

Trade debtors are stated after provisions for impairment of £Nil (2022: £Nil).

Prepayments and accrued income includes contract assets of £1,750,717 (2022: £1,599,912). No loss allowance was recorded against such assets.

14. Cash at bank and in hand	2023	2022
	£	£
Cash at bank and in hand	3,131,039	2,401,956
	<u>3,131,039</u>	<u>2,401,956</u>

The fair value of the cash at bank and in hand is the same as its book value above.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

15. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,328,619	838,032
Amounts owed to group undertakings	3,965,499	5,425,065
Lease liabilities (note 17)	327,442	317,760
Other taxation and social security	1,084,661	569,214
Other creditors	84,996	142,230
Accruals and deferred income	3,989,693	2,846,550
	<u>10,780,910</u>	<u>10,138,851</u>

Amounts owed to group undertakings are unsecured, interest free and are payable on demand.

Accruals and deferred income includes contract liabilities of £3,573,098 (2022: £2,255,298).

16. Creditors: amounts falling due after one year

	2023	2022
	£	£
Lease liabilities (note 17)	300,155	642,235
	<u>300,155</u>	<u>642,235</u>

17. Lease liabilities

The maturity of the gross contractual undiscounted cash flows due on the Company's lease liabilities is set out below based on the period between 31 January 2023 and the contractual maturity date.

31 January 2023	Less than 1 year £	Between 1 and 5 years £	Later than 5 years £	Total £
Right-of-use asset – Leasehold property	353,760	324,279	-	678,039
Future finance charges on lease liabilities	(26,318)	(24,124)	-	(50,442)
Present value of lease liabilities	<u>327,442</u>	<u>300,155</u>	<u>-</u>	<u>627,597</u>
31 January 2022	Less than 1 year £	Between 1 and 5 years £	Later than 5 years £	Total £
Right-of-use asset – Leasehold property	353,760	678,039	-	1,031,799
Future finance charges on lease liabilities	(36,000)	(35,804)	-	(71,804)
Present value of lease liabilities	<u>317,760</u>	<u>642,235</u>	<u>-</u>	<u>959,995</u>

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

17. Lease liabilities (continued)

	Total £
Minimum lease payments under lease liabilities:	
Non-current	300,155
Current	327,442
	<u>627,597</u>

The rates of interest implicit in the Company's leasing arrangements are not readily determinable and the incremental borrowing rate applied in calculating the lease liabilities is 3.75% for leasehold property and 4.9% for motor vehicles. The fair value of the Company's lease obligations is approximately equal to their carrying amount.

Effect of leases on financial performance:	2023 £	2022 £
Depreciation charge for the year included in 'administrative expenses' for right-of-use assets:		
- Leasehold buildings	313,453	313,451
- Motor vehicles	-	7,024
Lease expense in the year included in "operating expenses" for low value leases:		
- Plant and machinery	3,041	1,222
Interest expense for the year on lease liabilities recognised in 'finance costs'	21,361	47,842
	<u>21,361</u>	<u>47,842</u>

18. Provisions for liabilities

	2023 £	2022 £
Dilapidations	138,000	138,000
	<u>138,000</u>	<u>138,000</u>
Movements on provisions:		Dilapidations £
At 1 February 2022 and 31 January 2023		138,000
		<u>138,000</u>

The dilapidations provision is recognised in respect of future expected costs to be incurred by the Company to restore leased premises to their original condition at the end of their lease terms.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

19. Deferred tax liabilities

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	2023 £	2022 £
At 1 February	404,860	198,578
Charge to the income statement	156,973	206,282
At 31 January	<u>561,833</u>	<u>404,860</u>

The provision for deferred tax consists of the following deferred tax balances:

	2023 £	2022 £
Fixed asset differences	1,074,079	901,926
Other timing differences	(49,046)	(28,672)
Tax losses	(463,200)	(468,394)
Total	<u>561,833</u>	<u>404,860</u>

	2023 £	2022 £
Deferred tax assets due within 12 months	(49,046)	(28,672)
Deferred tax liabilities due within 12 months	-	-
Total net deferred tax asset due within 12 months	<u>(49,046)</u>	<u>(28,672)</u>
Deferred tax assets due after more than 12 months	(463,200)	(468,394)
Deferred tax liabilities due after more than 12 months	1,074,079	901,926
Total net deferred tax liability due after more than 12 months	<u>610,879</u>	<u>433,532</u>
Total net deferred tax liability	<u><u>561,833</u></u>	<u><u>404,860</u></u>

20. Retirement benefit schemes

Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The cost charge represents contributions payable by the Company to the fund. At the balance sheet date contributions of £81,497 (2022: £114,688) were outstanding and these are included within other creditors.

	2023 £	2022 £
Contributions payable by the Company for the year	<u>466,489</u>	<u>330,675</u>

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

21. Share-based payments

The total charge for the year relating to share-based payment plans was £66,898 (2022: £64,370).

The estimated fair value of the employees' services received in exchange for the grant of share options is measured at the grant date and recognised as an expense on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest. Fair value is determined by reference to the Black-Scholes option pricing model. If a granted option is cancelled and regranted the increase in fair value of the granted option measured immediately before and after the cancellation and regrant is added to the value of the employee's service received in exchange for the grant. If an option is cancelled this is accounted for as an acceleration of the vesting period and any amount unrecognised is recognised immediately.

There were no new LTIP or share option awards made in the year.

Awards vesting/lapsing

2018 LTIP Awards subject to EBITDA target

During the year, 75% of the element of the 2018 LTIP awards subject to the share price condition vested as the financial target of 50p share price was achieved on 23 June 2022 (i.e. in line with the 75% award level but below the 100% allocation level as shown in the table below).

% vesting	Target
50%	£0.40
75%	£0.50
100%	£0.60

As a result, 44,985 options therefore vested on 23 June 2022 (subject to a holding period of one year 23 June 2023), whilst 17,137 lapsed as a result.

The reconciliation of options over the year to 31 January 2023 is shown below

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding brought forward	2,900,509	31.0p	3,324,940	31.8p
LTIPs granted during the year	-	-	-	-
Share options granted during the year	-	-	-	-
Lapsed during the year	(145,137)	18.8p	(424,431)	27.4p
Share options exercised during the year	(25,000)	46.5p	-	-
Outstanding carried forward	2,730,372	30.5p	2,900,509	31.0p
Exercisable as at 31 January	1,591,711	42.5p	734,775	46.5p

The weighted average remaining contractual life of share options outstanding at the end of the year was 6.6 years (2022: 7.6 years). The exercise prices of the outstanding options range between 0p and 46.5p.

1SPATIAL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

22. Called up share capital and reserves	2023 £	2022 £
Allotted, issued and fully paid		
1,166,610 (2022: 1,166,610) ordinary shares of 1p each	11,666	11,666

Ordinary share capital

The ordinary shares carry a right to vote, to receive dividend and, on winding up, capital distribution. They do not confer any rights on redemption.

Reserves

Share premium account

The share premium account reserve represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period.

Other reserves

The cumulative share-based payment expense.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

23. Controlling parties

The Company's immediate parent company is 1Spatial Holdings Limited and the ultimate parent undertaking and controlling party is 1Spatial plc, both companies are incorporated in England and Wales.

1Spatial plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 January 2023. The consolidated financial statements of 1Spatial plc are available from Tennyson House, Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire, CB4 0WZ.

24. Subsequent events

On Friday, March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection & Innovation and the FDIC was named Receiver. No advance notice is given to the public when a financial institution is closed. The FDIC has created the Deposit Insurance National Bank of Santa Clara (DINB) to facilitate the resolution of Silicon Valley Bank. To protect the depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB) to allow depositors access to their insured deposits and time to open accounts at other insured institutions.

The Company held no cash balances with Silicon Valley Bank and to date no exposures have been noted in our customer base.