1Spatial

1Streetworks prospects strengthen

Interim results

Software and comp services

13 October 2025

1Spatial's H1 reflected slow procurement cycles, but was supported by the company's shift to a more recurring revenue model. Strategic wins with Caltrans and UK Power Networks, along with a strong pipeline, underpin our unchanged full-year expectations. Momentum for 1Streetworks appears notably stronger, with the pipeline up 60% since January, larger opportunities progressing and sales cycles shortening – all of which point to a potential acceleration in growth and margin expansion in the medium term. The share price, in our view, does not reflect this potential outcome.

Year end	Revenue (£m)	EBITDA (£m)	EBIT (£m)	EPS (p)	EV/EBITDA (x)	P/E (x)
1/24	32.3	5.5	2.5	1.40	11.3	38.9
1/25	33.4	5.6	1.8	0.76	11.0	72.0
1/26e	36.0	6.1	2.0	0.79	10.3	68.7
1/27e	38.4	8.1	3.8	2.11	7.7	25.9

Note: EBITDA, EBIT and EPS (fully diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Sluggish buying cycles, recurring revenue support

As flagged in May, the H1 results reflect the slow procurement cycles, particularly in the US, underpinned by the progress the company has made in transitioning to a more recurring revenue model. Revenues grew by 9% y-o-y to £17.7m with recurring revenue up 20% y-o-y to £10.7m (61% of group revenue versus 55% in H125) with annual recurring revenue (ARR) up 11% to £19.9m. Gross margin moderated to 49.7%, due to a higher mix of third-party licences, with adjusted EBITDA up 5% y-o-y to £2.1m. Net borrowings increased to £2.5m (FY25: £1.0m), but cash flows are expected to improve in H2 with operational leverage and the seasonal timing of renewals.

Strategic wins, pipeline to lift H2

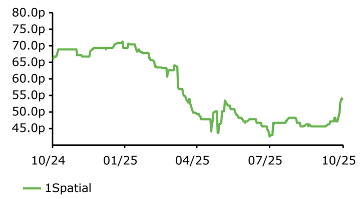
Performance in H2 will be supported by the recently announced strategic wins: a $1.7m annually renewing enterprise agreement with Caltrans and the £1m UK Power Networks 1Streetworks contract. Both deals provide evidence that 1Spatial is becoming more deeply embedded, with annual revenues from the respective clients up significantly. While seeding the market for 1Streetworks has taken time, prospects look a lot more encouraging. Management reports that the pipeline has grown c 60% since January to c 150 opportunities and sales cycles are shortening. It hopes to close pilots with four potential £1m customers in H2 or early FY27.

Valuation: 1Streetworks inflection not priced in

1Spatial's FY26 EV/sales ratio of 1.6x is an interesting recovery multiple, with the average for smaller software companies at c 2x+. We continue to believe the long-term growth and margin expansion story remains good and that its potential is not reflected in either the forecasts or valuation. Successful conversion of key pipeline engagements could add £3–4m to ARR by FY27, which would generate 35–45% EPS growth in FY28 even without growth in the Enterprise business. Successful pipeline execution through H2 and into FY27 will be key, but if deals continue to close and then scale, we believe a share price of close to 100p would become a realistic outcome.

Price	**54.50p**
Market cap	**£60m**
Net cash/(debt) at 31 July 2025	£(2.5)m
Shares in issue	111.3m
Code	SPA
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	15.1	15.1	0.0
52-week high/low		71.5p	43.5p

Business description

1Spatial's core technology validates, rectifies and enhances customers' geospatial data. Its software and advisory services reduce the need for costly manual checking and correcting of data. Its SaaS products use the core technology to solve significant workflow bottlenecks like the creation of traffic management plans and validating data.

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1Streetworks: Prospects strengthen

Reference customers, embedding sales processes and growing pipeline

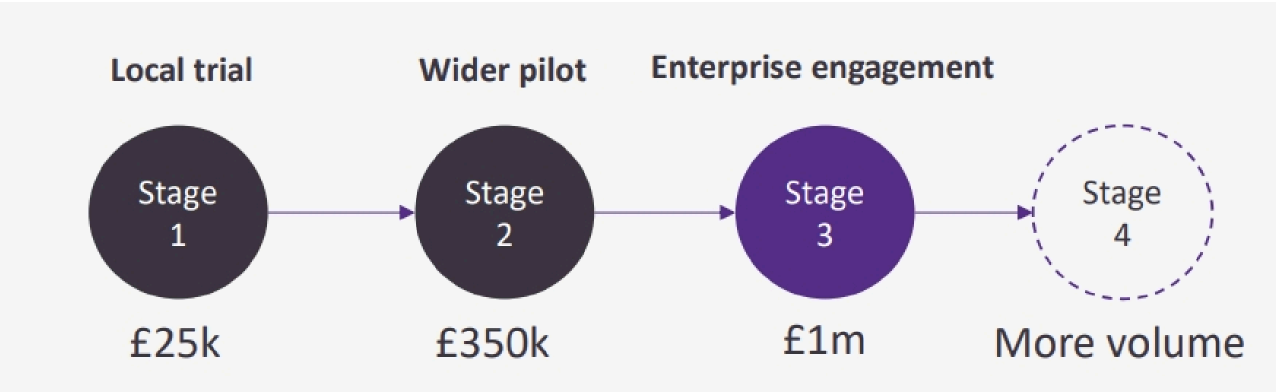
1Streetworks revenue grew fourfold year-on-year, from £0.2m to £0.8m, in H1, while SaaS ARR increased from £0.25m to £1.76m, largely reflecting the Surrey (£1m annually) and Kent (£0.5m annually) County Council contracts secured in October 2024 and April 2025, respectively. Further growth is expected in H2, driven by the expansion of the UK Power Networks contract, which has grown from £0.34m annually to £1.6m over an initial 15-month term.

While it has taken more time than expected to establish 1Streetworks in the market, the foundations to drive an acceleration in growth continue to strengthen.

Pipeline up 60% since January: Management reports a robust pipeline of approximately 150 opportunities, an increase of around 60% since January, including engagements with large county councils, utility companies and smaller organisations. Four engagements with organisations with £1m revenue potential are expected to move into the pilot phase during H2 or early Q127.

Sales cycles shortening: Management is seeing a shortening of sales cycles, supported by successful implementations at early customers and the development of a repeatable commercial sales model, which starts with a paid trial, before moving to a wider pilot six to 12 months later and then to an enterprise engagement after a similar time. Further increases will be targeted beyond that, driven by higher volumes and new features.

Exhibit 1: 1Steetworks' commercial sales model



Source: 1Spatial

Notable customer benefits and advocacy: The implementations with the Kent and Surrey county councils are said to be progressing well, while the extension with UK Power Networks to cover all areas, with a 135% fee uplift, provides a clear indication of the value provided. UK Power Networks also continues to provide vocal advocacy for the product, commenting 'The 1Streetworks platform has been highly successful in streamlining traffic management plans, enabling better communication with customers and highway authorities'. Kent County Council has estimated that use of the platform could reduce road closures by 40%.

As adoption progresses, network effects should also come into play, driven by the advantages of using a common platform for collaboration and data sharing. In this context, Surrey County Council's plan to leverage 1Streetworks as a collaborative tool with contractors and utility companies demonstrates how uptake by one organisation should support adoption by others that operate within the same ecosystem.

Enterprise

Decision cycles suppress financials, but strategic progress

Financial progress in the Enterprise business was held back by sluggish procurement cycles, particularly in the US but also in Europe. Some notable progress has been made, however, with the company becoming increasingly embedded across utilities, infrastructure and public sector segments in the UK, while the US$1.7m contract with Caltrans could provide a blueprint for further expansion with US departments of transport (DoTs).

UK: Looking increasingly embedded in UK infrastructure

In the UK, ARR grew by 11% year-on-year, with the breadth of contracts and renewals won suggesting that 1Spatial is becoming increasingly embedded across utilities, infrastructure and public sector segments. Notable contract wins include a new engagement with Heathrow Airport, delivered with Esri UK, considered a strategic entry point for future expansion. The company also extended deployments of its proprietary technology to the Rural Payments Agency, Environment Agency, Yorkshire Water and HS2. 1Spatial's strategic aeronautical programme with QinetiQ and a UK government agency has been more protracted than expected, with full deployment now anticipated in early FY27 (versus FY24 originally). This project may be margin dilutive at this phase, but is expected to contribute £1m in ARR on completion and enable cost savings by phasing out high-cost contractors. Management reports that the pipeline has growth notably since January.

US: Focus on transport departments and emergency services

In the US, the company is focusing on DoTs and emergency services, two areas where the funding environment and regulatory drivers are seen as positive. The $1.7m annually renewing agreement with Caltrans is a good example of the company's 'land and expand' strategy working and of 1Spatial becoming more embedded in the workflows of a major organisation. Management expects this engagement to expand over time as new use cases are explored. Management believes that many of these should be replicable with other DoTs. The company has ongoing projects with six additional DoTs, each of which has expansion opportunities. In emergency services, the company signed a four-year US$1.1m contract with the US State of Montana for 1Spatial's NG9-1-1 enterprise solution, bringing the customer base for the product to eight, while the company's NG9-1-1 SaaS opens up opportunities with cities, councils and telecoms.

Financial review and forecasts

In what is typically the seasonally weaker half for new customer wins and renewals, 1Spatial's H1 results reflect the slow procurement cycles over the period, moderated by the progress that the company has made in transitioning to a more recurring, software-centric revenue model over the past few years.

- ARR increased by 31% y-o-y to £19.9m (FY25: £19.7m) with term licences ARR growing 28% y-o-y to £9.3m (FY25: £9.5m) and SaaS ARR growing fivefold year-on-year to £1.8m (FY25: £1.8m), reflecting the progress with 1Streetworks.
- Revenues grew 9% y-o-y to £17.7m, with recurring revenue up 20% to £10.7m, while Service revenue dropped by 1%. SaaS revenue was £0.8m, up 46% y-o-y, with Term licence revenue up by 37% to £5.6m, although this was boosted by £3.1m revenue from third-party licences (+173% y-o-y) to secure strategically important government deals. In line with the company's strategy to move to a recurring revenue profile, perpetual licence revenue was negligible at £0.1m, down from £0.5m last year.
- Gross profits expanded by 4% to £8.8m but gross margin contracted slightly to 49.7%, due to a higher proportion of lower-margin third-party term licence sales to strategically important government customers in H1.
- Adjusted EBITDA saw a slight increase to £2.1m, though the margin was slightly lower year-on-year, primarily due to continued targeted investment in sales and marketing to support strategic growth objectives.
- Operating cash flow was £1.5m (versus £2.0m in H125), with net borrowings at £2.5m despite some receipts being accelerated into H1. Nevertheless, cash flows are expected to improve in H2, reflecting the better profitability and timing of renewals, consistent with previous years.

Our estimates are essentially unchanged, with the recent contract win momentum, a robust pipeline and the H2-weighted renewal cycle likely to support further ARR growth, higher gross and EBITDA margins and positive cash generation.

For FY27 we forecast continuous strong growth in Saas, which could be achieved with progressing two £1m opportunities to enterprise level engagements, along with the addition of smaller/earlier-stage clients. The ARR and number of ongoing pilots are the key performance indicators to watch here, and we believe there is scope for upside. We forecast similar growth and business mix for the other revenue lines on a flat cost base, driving further improvements in margins and cash generation. However, with the customer base and pipeline for 1Streetworks strengthening, we believe that the foundations for an acceleration in the medium term have solidified.

Exhibit 2: Summary revenue and P&L model

Year end 31 January, £000s	FY24	FY25	FY26e	FY27e
Annual recurring revenue				
SaaS ARR	0	1,800	2,500	4,500
Term ARR	7,700	9,500	10,500	11,500
Support and Maintenance	9,500	8,400	8,720	7,000
Total ARR	17,200	19,700	21,720	23,000
Revenue				
SaaS Revenue	154	984	1,890	2,944
Term revenue	8,311	10,475	11,090	11,755
Support and Maintenance	9,642	9,270	8,897	9,342
Total recurring revenue	18,107	20,730	21,877	24,041
Services	12,935	11,792	13,900	14,200
Perpetual licences	1,273	862	250	120
Total revenue	**32,315**	**33,384**	**36,027**	**38,361**
Gross profit	17,926	18,541	19,635	21,866
Gross margin	55%	56%	55%	57%
Core cash administrative expenses	(12,447)	(12,925)	(13,585)	(13,766)
Adjusted EBITDA	5,479	5,616	6,050	8,100

Source: 1Spatial data, Edison Investment Research estimates

Valuation

1Spatial has undergone a significant investment phase to drive global enterprise growth and launch its SaaS business applications. The margin expansion potential from this strategy is not reflected in our current forecast period. The company is trading at a discount to peers on an EV/sales basis (1.6x versus 2.5x on a two-year forward basis), but at a premium on P/E (25x vs 22x), reflecting lower margins during this investment phase. We believe the upside from successfully executing a SaaS-oriented growth strategy is substantial.

For example, if the company successfully converts its pipeline – specifically the four engagements with organisations each representing £1m in revenue potential – into pilots during H2 or early Q127, there is a strong likelihood these pilots could add an incremental £3–4m to SaaS ARR by late FY27, and to revenues in FY28. Additional conversions from the company's 150-strong pipeline should contribute further significant growth in FY28.

With the cost base expected to remain relatively flat, and SaaS revenues commanding high gross margins (80–90%), we estimate that each incremental £3–4m of ARR would drive EBITDA growth of between 24% and 30% on the FY27 level, with EPS growth of 35–45%. This analysis excludes the growth opportunity in Enterprise, where operationally geared growth is expected to continue beyond FY28.

We believe that conversion of the SaaS pipeline over the course of H2 and into FY27 will be the key catalyst for more rapid growth and margin expansion to become priced in. If this materialises, we continue to believe that a share price approaching 100p is a realistic scenario.

Exhibit 3: Financial summary

£'k	2024	2025	2026e	2027e
Year end 31 January	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT				
Revenue	32,315	33,384	36,027	38,361
Cost of Sales	(14,389)	(14,843)	(16,392)	(16,495)
Gross Profit	17,926	18,541	19,635	21,866
EBITDA	5,479	5,616	6,050	8,100
Operating profit (before amort. and excepts.)	2,463	1,810	2,018	3,832
Amortisation of acquired intangibles	(391)	(391)	(391)	(391)
Exceptionals	(693)	(536)	(250)	0
Share-based payments	33	(11)	(11)	(11)
Reported operating profit	1,412	872	1,366	3,430
Net Interest	(355)	(655)	(800)	(600)
Joint ventures & associates (post tax)	0	0	0	0
Exceptionals	0	0	0	0
Profit Before Tax (norm)	2,108	1,155	1,218	3,232
Profit Before Tax (reported)	1,057	217	566	2,830
Reported tax	123	(50)	(142)	(708)
Profit After Tax (norm)	1,581	866	914	2,424
Profit After Tax (reported)	1,180	167	425	2,123
Minority interests	0	0	0	0
Discontinued operations	0	0	0	0
Net income (normalised)	1,581	866	914	2,425
Net income (reported)	1,180	167	425	2,123
Average Number of Shares Outstanding (m)	110.9	110.6	111.3	111.3
EPS - basic normalised (p)	1.39	0.78	0.82	2.18
EPS - normalised fully diluted (p)	1.40	0.76	0.79	2.11
EPS - basic reported (p)	1.06	0.15	0.38	1.91
Dividend (p)	0.00	0.00	0.00	1.00
Revenue growth (%)	7.7	3.3	7.9	6.5
Gross Margin (%)	55.5	55.5	54.5	57.0
EBITDA Margin (%)	17.0	16.8	16.8	21.1
Normalised Operating Margin (%)	7.6	5.4	5.6	10.0
BALANCE SHEET				
Fixed Assets	21,524	23,428	24,133	22,506
Intangible Assets	19,951	21,512	22,938	21,743
Tangible Assets	1,498	1,456	735	302
Investments & other	75	460	460	461
Current Assets	17,030	18,013	18,287	20,900
Stocks	0	0	0	0
Debtors	12,770	14,386	15,151	16,396
Cash & cash equivalents	4,260	3,627	3,136	4,505
Other	0	0	0	0
Current Liabilities	15,334	16,234	16,636	17,239
Creditors	14,004	14,956	15,358	15,504
Tax and social security	99	171	171	629
Short-term borrowings	647	369	369	369
Other	584	738	738	738
Long-Term Liabilities	4,913	6,726	6,726	6,726
Long-term borrowings	2,534	4,273	4,273	4,273
Other long-term liabilities	2,379	2,453	2,453	2,453
Net Assets	18,307	18,481	19,059	67,372
Minority interests	0	0	0	1
Shareholders' equity	18,307	18,481	19,059	67,373
CASH FLOW				
Operating Cash Flow	4,356	4,500	5,000	7,500
Working capital	(112)	(138)	(363)	(1,099)
Exceptional & other	0	0	0	0
Tax	140	(218)	(142)	(250)
Net operating cash flow	4,384	4,144	4,495	6,151
Capex	(5,362)	(5,055)	(4,916)	(4,716)
Acquisitions/disposals	0	0	0	0
Equity financing	19	125	0	0
Dividends	0	0	0	0
Other	357	184	(67)	(67)
Net Cash Flow	(602)	(602)	(488)	1,368
Opening net debt/(cash)	(3,054)	(1,079)	1,018	1,506
FX	(174)	(34)	0	0
Other non-cash movements	(1,199)	(1,461)	0	0
Closing net debt/(cash)	(1,079)	1,018	1,506	137

Source: 1Spatial, Edison Investment Research

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