1Spatial

Recovery plan

Full year results

Software & comp services

1Spatial's restructured management team has made brisk progress in reducing overheads and realigning the business to deliver on the client-centric solutions model. The turnaround is still in its early stages, but we believe it could yield good results in a relatively short timeframe. The market for GIS technology is large and growing at a double-digit rate and we believe that 1Spatial has the customer base, technology and expertise to capitalise on this. Recent contract wins in the UK and the US indicate the turnaround is on track. We believe there is substantial intrinsic value within the business, which with continued execution should be unlocked.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/sales (x)	P/E (x)
01/16	18.3	1.1	0.16	0.0	1.5	23
01/17	22.1	(2.4)	(0.33)	0.0	1.3	N/A
01/18e	23.8	(0.6)	(0.08)	0.0	1.2	N/A
01/19e	25.6	(0.2)	(0.03)	0.0	1.1	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

Rapid progress with restructuring

The new model integrates 1Spatial's own software with third-party software and services to provide complete geospatial solutions to its traditional customer base of geospatial information users. The board and management teams have been reshaped, annualised costs have been reduced by £2.5m, and the company has exited non-core, loss-making businesses Avisen and Storage Fusion, while 1Spatial Inc and Sitemap have been brought under full control.

Contract wins indicate recovery is on track

Progress so far in FY18 looks encouraging. In Europe the company has secured a number of new customers, the most recent of which was a significant contract with Northern Gas Networks. Recent wins in the US, with US Federal Highways (USFH) and National Oceanic Atmospheric Administration (NOAA) are strategically important, given size of opportunity in the US and in the case of USFH, the potential for this relationship to be a platform for sales to other providers who feed data into the USFH. The company continues to work with key GIS players such as Esri and anticipates sales growth from these relationships during FY18.

Valuation: Good recovery credentials

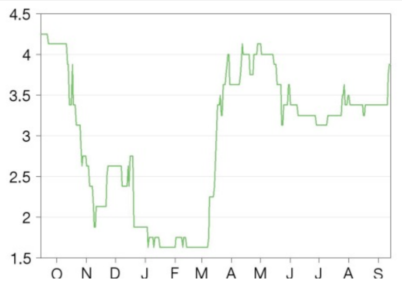
We reinstate forecasts at a cautious level (8% FY18 revenue growth), mindful that recoveries following substantial restructuring are often not smooth. However, if deal flow remains robust we could see upside and with the business forecast to trade close to break-even, any upside should gear strongly into earnings – particularly licensing income. In the medium term, we believe that the core GIS business should be able to achieve mid-teens operating margins. If the Geospatial business continues to show that it is on a growth and margin expansion trajectory, we believe that a 2x EV/sales ratio (implying 4.7p a share) would be readily justifiable. Valuing Enables IT at 5-7x EBITDA (0.3-0.4p a share) would suggest a 5p value for the group.

14 September 2017

Price	**3.8p**
Market cap	**£29m**

Net cash (£m) as at 31 January 2017	0.6
Shares in issue	760.5m
Free float	83%
Code	SPA
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	14.8	19.2	(8.8)
Rel (local)	13.9	21.0	(17.8)
52-week high/low		4.2p	1.6p

Business description

1Spatial's core technology validates, rectifies and enhances customers' geospatial data. The combination of its software and advisory services reduces the need for costly manual checking and correcting of data.

Next events

Interim results	10 October 2017

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Edison profile page

1Spatial is a research client of Edison Investment Research Limited

Investment summary

Company description: Spatial software and solutions

1Spatial's core technology enables the provision of software and services for managing geospatial data. Its customers include some of the largest and most sophisticated geospatial data users globally, including the US Census Bureau, Ordnance Survey Great Britain, United Utilities and many others. The proprietary platform (1SMS) correlates location specific data from multiple sources simultaneously. It can then identify data errata, before automatically correcting and enhancing them with additional information from other sources, due to the multi-layered nature of spatial data. Following the extensive strategic review in December, management has made rapid progress with restructuring. 1Spatial will integrate the company's own software with third-party software and services to provide complete geospatial solutions to the company's traditional customer base of heavy-duty GIS (geographical information systems) users, particularly national mapping agencies, data providers, government departments and utility companies. 1Spatial is also expanding into new sectors such as transport and is increasing its geographic reach for its traditional customer base by having a greater focus on the US. 1Spatial continues to work with key GIS players such as Esri and anticipates sales growth from these relationships during FY18.

Financials: A return to growth

FY17 results highlighted the need for change but also bore the impact of substantial restructuring towards the end. Revenues from the core geospatial business declined by 20% organically, net free cash outflow was £4.4m while the net loss was £18.4m (including discontinued operations and write downs of £11.2m). We reinstate forecasts at a conservative level, assuming 9% growth from Geospatial and 5% growth from Enables IT in FY18. The Geospatial growth compares with double-digit expansion of the wider GIS market (P&S Market Research). Post restructuring, 1Spatial has reduced its annualised cost base by £2.5m, while the company also incurred an exceptional operating cost of £1m in its FY17 results, burning £4.4m of cash over the period. With the business forecast to trade close to break-even, any upside should gear strongly into earnings – particularly licensing income – and we believe that mid-teens operating margins should be achievable for the Geospatial business in the medium term. We forecast a return to modest cash generation in FY18. Furthermore, 1Spatial has a £3m overdraft facility, so we do not expect it to need to raise additional funds, assuming delivery of our estimates.

Valuation: Firm evidence of a recovery should prompt upside

1Spatial currently trades on an FY18e EV/sales multiple of 1.2x, a significant discount to its GIS peers (typically 2x+). This is understandable given the recent history of the stock, but we see it as low considering its IP, customer base, and expertise within a large and growing geospatial market. The Geospatial business needs to demonstrate that it is on a sustainable growth and margin expansion trajectory over the course of FY18. If it does, we believe that a 2x EV/sales ratio (implying 4.7p a share) would be readily justifiable. Valuing Enables IT at 5-7x FY18e EBITDA (0.3-0.4p a share) would suggest a 5p value for the group.

Sensitivities

1Spatial is a business in transition, during which time financial visibility is typically reduced and returns more difficult to gauge. We believe that continued deal flow and particularly progress in the US are the key milestones upon which to gauge progress. On the basis of our forecasts we do not anticipate that the company will need to raise more cash, but cash flows will need to be managed carefully.

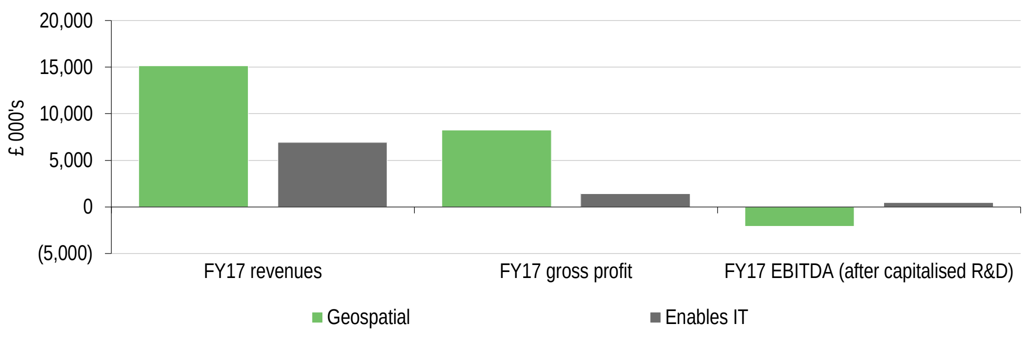
Company update

Transformation programme well underway

Having undertaken a full strategic review following the profit warning and departure of ex-CEO Marcus Hanke in December, management has made brisk progress in restructuring the group.

At the group level, the structure has been simplified so that it now consists of two fully owned business units, the core Geospatial business and Enables IT, a managed IT service provider.

Exhibit 1: FY17 group divisional revenue profit and EBITDA (pre central costs)



Source: 1Spatial accounts

The cost base of the ongoing businesses has been reduced by £2.5m, while the exits from the loss-making Avisen and Storage Fusion businesses would save the business £0.8m on the FY17 run rate.

We highlight the key changes made in Exhibit 2.

Exhibit 2: Key elements of the execution plan (Geospatial)

	Already executed	Near-term priorities	Medium-term goals
Leadership changes	■ Board changes ■ Appointed senior management team and defined roles	■ Strengthen board	
Restructuring	■ £2.5m reduction in run-rate costs. ■ C £0.8m benefit from exiting loss-making businesses. (Disposal of Avisen, closure of Storage Fusion – combined £10.4m write down.) ■ Acquisition of remaining 27% stake in 1Spatial Inc (£0.8k) and of remaining 51% in Sitemap for £0.2m.	Consolidate solutions provider structure ■ New customer support & maintenance initiatives. Build business in the US ■ Strengthen US team – new sales person for federal government accounts and marketing.	
Product/service development	■ Focus majority of R&D on near-term client needs. ■ IP development focused on initiatives with clear visibility of commercialisation.	■ Complete development of 1Integrate with major ERP platform.	■ Recycle IP from solutions operations into products.
Commercial development	■ Positive start to Q1. Three new customers signed in Q1 across three different geographies, being UK, Europe (Spain) and US. ■ Important strategic win with the US Federal Highways. Another with the National Oceanic Atmospheric Administration	Consolidate client-centric solutions model ■ Build business focusing on key verticals – National mapping/data providers, government and utilities. ■ Strengthen platform in the US. ■ Continue to support Esri commercial relationship.	Continued execution ■ Expand US business into utilities and transport. ■ Support platform relationships with Esri and ERP vendors.

Source: Edison Investment Research

Geospatial shift to client-facing solutions provider vs IP

The company's migration towards a more client-centric solutions provider model from the previous IP-centric indirect channel strategy is now taking shape. Under the new model, 1Spatial will integrate the company's own software with third-party software and services to provide complete geospatial solutions to the company's traditional customer base of heavy-duty GIS users. The

Geospatial business represented 68% of revenues in FY17, and is expected to be the company's key driver of growth.

More pragmatic strategy, focus on execution

We believe that management's decision to pursue this more pragmatic path is the right one, especially given recent trading and the company's current financial position. While the new model does sacrifice some potential operational scalability versus the old one, the reality is that integrating a product into a major software vendor's platform requires significant upfront investment and time does not guarantee significant sales. The solutions model provides a more reliable strategy (with a shorter sales cycle) for leveraging the company's deep domain expertise, technology and tier one customer base.

Getting closer to the customer base

Building closer relationships with the client base is a key part of the turnaround strategy. Management has spent time re-engaging with customers as part of the strategic review in order to better understand clients' needs and how 1Spatial can provide solutions to address these. Major account plans are being put in place and new customer support and maintenance initiatives are being introduced.

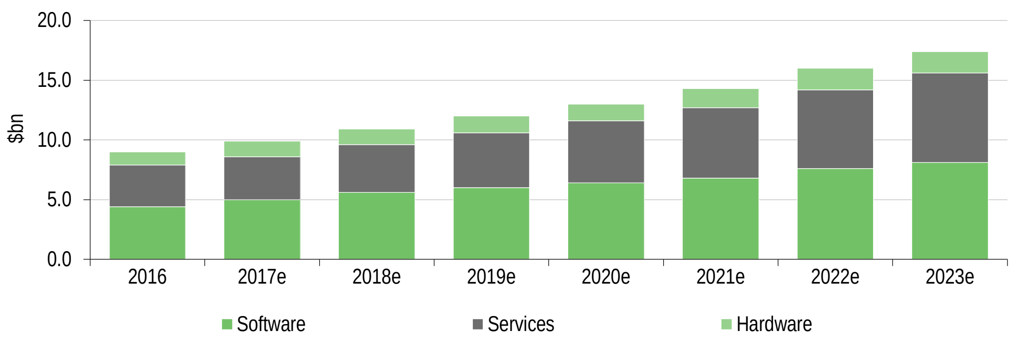
Unlocking a strong level of latent demand

We believe that the initiatives have the potential to produce meaningful results in the near term. 1Spatial's customer base includes some of the largest and most sophisticated geospatial data users, spanning national mapping agencies, utility companies, transportation companies and government agencies. Whereas with the previous IP-focused strategy, engagement with this customer base dropped off and this resource remained largely untapped, management initiatives to re-engage with this customer base suggest that there is a strong level of latent demand.

Large and growing addressable market

The industry is also large and growing. A May 2017 report by market analyst P&S Market Research estimates the size of the global GIS software, services and hardware market at $9.0bn and forecasts that it will grow at a 10.1% CAGR to reach $17.5bn by 2023. Software is estimated to account for around half of this market at present, with growth forecast at circa 9% through 2023, whereas the revenue opportunity for services is expected to grow more rapidly – at c 12% from around $3.5bn currently.

Exhibit 3: Forecast growth of the global GIS Market



Source: P&S Market Research (Geographic Information System Market report)

Growth driven by increased volumes, complexity and criticality

There are multiple factors driving growth in the GIS market, the combination of which should create a fertile growth environment for 1Spatial, particularly given the company's core strength in enabling the management and correlation of large volumes of data from different sources.

In parallel with all types of data, the amount of GIS data being produced is growing very rapidly. For example, the US Census Bureau has stated that the amount of data it needs to process is increasing by c 15% annually. This growth rate could accelerate with the adoption of 3D mapping and data gathered from "internet of things" connected devices, drones and so on. With this increased volume of data comes increased complexity, and as the industry evolves, geospatial information is increasingly being deployed in mission critical applications demanding a much higher degree of accuracy and real-time data input.

Deal flow suggests recovery is on track

Of 1Spatial's four key markets, it has made particularly strong progress in utilities. This was a vertical the company invested into in 2017 and the benefits now appear to be coming through.

The company also highlights a number of new client wins, listed below. While some of these are likely to be carried over due to the slippage in the pipeline from Q4, we believe that this momentum gives an encouraging indication that the shift towards a more client-centric solutions model will yield positive results in a relatively short timeframe.

Exhibit 4: H1 new client wins

Solution description	Geography	Sector
Web based mapping	UK	Water
1Integrate for spatial data	UK	Water
Field Engineering Solution	UK	Gas
1Integrate for spatial data	Europe	Satellite
1Integrate for ArcGIS and 1Integrate	US	State government – Geo information office
1Integrate for ArcGIS and 1Integrate	US	State GIO office
Northern Gas Networks – smart work asset management system	UK	Gas
US Federal Highways – automating data integration	US	Govt Agencies/transport
National Oceanic & Atmospheric Administration – software, training and consultancy		Govt Agencies/research

Source: 1Spatial

Successful exploitation of the US could drive an acceleration

New business momentum in H1 mainly came out of the UK and Europe, and with a well-established position in these geographies, we believe that 1Spatial could generate solid growth largely from these markets. 1Spatial is significantly under penetrated in the US – FY17 revenues from the US were only £173k, down from £2.1m in FY16, but growing in the region is a key strategic goal and the company does have some promising assets to build upon. In particular, the company's relationship with the US Census Bureau, with which it has developed an automated conflation process (to bring together geospatial data from varied sources), provides a potentially strong platform to sell into the multiple organisations that supply data into the Census Bureau.

To solidify the platform, the company acquired the remaining 27% stake in 1Spatial Inc for £789k in April 2017 (previously Laser Scan Inc, the company's sole distributor in the US). The company's country and pre-sales managers have an Esri background and the company is now looking to strengthen its sales and marketing teams.

US Federal Highways deal provides a good platform for growth

In this context, the company's two recent wins in the US are an encouraging indicator of the company's potential to execute on its opportunity in the world's largest GIS market. The larger and more important of these, is with the US Federal Highways (FHWA) worth an initial license value worth $339k with an estimated total contract value of over $500k with consultancy work. The solution from 1Spatial will enable FHWA's to automate currently mostly manual processes to ensure regulatory requirements and compliance are met.

The deal is strategically interesting because FHWA collects highway information from individual US State Departments of Transport and feeds this data into the National Data Inventory which is used to determine the extent, usage, condition and performance of the Nation's highways. Consequently, we believe that this deal could provide a significant support for the company's sales drive to the State Departments of Transport which feed data to the FHWA.

The other US deal 1Spatial with the National Oceanic & Atmospheric Administration (NOAA), is smaller $127k plus $16k support and maintenance, but provides further evidence of forward progress.

Still potential from integration into major software platforms

It should be noted that while R&D efforts have been trimmed to focus on projects with a high probability of generating a return, the company has not completely jettisoned its initiatives to embed its software into the offerings of larger software companies. Whereas previously the company's strategy and investment case revolved around this strategy, we now see this as useful upside.

The company's initiatives in this area are focused around two key players: Esri and a very large ERP platform vendor. The integration of 1Integrate into Esri's ArcGIS is complete, but sales progress has been slow, although some tier one key customers such as the State of Arizona in the US and Ordnance Survey Great Britain have signed up. We expect this relationship with Esri to generate increased revenues this year. The development work to integrate 1Integrate into a major ERP platform is ongoing.

The timing and rate of revenue build from these embedded products is very difficult to forecast, but given the indirect model, any revenue should drop directly through to the bottom line. We no longer break out revenues from these channels explicitly in our forecasts, but in keeping GIS gross margin broadly flat, we are implicitly assuming minimal uptake during our forecast period.

Enables IT

Post restructuring, Enables IT is now the group's only non-geospatial business line. Enables provides a range of IT managed services, from consultancy and project management to the installation of physical infrastructure. It is primarily a UK-based business with some operations in Europe. The majority of Enables IT's clients are based in the UK with sector expertise across healthcare, legal services and education. While the business is non-core, it is profitable and cash generative and has a stable customer base (75% of revenues are generated from customers who have been with the company over five years), although low-margin hardware sales add volatility to revenues. We believe management sees value in retaining the business and the cash flows it generates in the near term.

Financials

FY results highlighted the need for change

Highlighting the need for change, financial performance in FY17 reflected the lack of structure and sales execution that prevailed for the majority of the year and there was substantial restructuring at a cost of c £0.9m towards the end of the period. Headline P&L figures flatter performance due to the contribution from FY16 and H117 acquisitions Enables IT and Laser Scan and £3.5m of capitalised R&D versus a £1m amortisation charge. On a like-for-like basis, revenues in the core Geospatial business fell by 20% year-on-year, while the company burned through £4.4m of cash over the year. Of a total of £11.2m impairments, £9.4m related to continuing business, with £5.1m on goodwill, £1.5m of intangibles and £2.8m of capitalised development costs.

Net cash at year-end was £0.6m and the company has recently renewed its £3m overdraft facility.

Reinstating forecasts at a cautious level

We are reinstating our forecasts, having withdrawn them in January, as the company was undergoing management changes and shaping its restructuring programme. We show our breakdown of forecasts for the Geospatial and Enables IT businesses in Exhibit 5.

We believe that our FY18 revenue growth estimates should be very achievable (9% growth from Geospatial and 5% growth from Enables) especially given the encouraging trading in Q1, but turnarounds are rarely smooth and therefore we believe that a cautious stance is merited.

Through the restructuring, the company has reduced its annualised cost base by £2.5m, while the FY17 results included £1m of operating exceptional cost. These cost savings are not fully reflected in the group EBITDA, however, as the reduction in speculative R&D reduces the capitalised development charge.

Mid-teens EBITDA margins a reasonable mid-term target for Geospatial

If we add capitalised R&D costs back in, we have the core business (Geospatial plus central costs) moving to broadly break-even this year, with the company moving to a 3% EBITDAC margin next year. If the company can execute on its plan then we believe that it should be able to achieve substantially better than this and that a 15% EBITDAC margin would be a reasonable mid-term goal.

We are assuming a broadly steady state for Enables IT.

Exhibit 5: P&L model (continuing operations)

Year end 31 January, £000s	2016	2017	2018e	2019e
Geospatial				
Revenues	16,000	15,133	16,534	17,935
Growth	nm	-5%	9%	8%
Gross profit	9,785	8,265	8,965	9,746
Gross margin	61%	55%	54%	54%
Cash opex	(5,126)	(6,787)	(7,126)	(7,411)
Adjusted EBITDA contribution	4,659	1,478	1,839	2,335
Share of central costs	(1,946)	(2,008)	(1,324)	(1,397)
Capitalised development costs (Geospatial)	(3,011)	(3,552)	(500)	(537)
Core business EBITDAC	(298)	(4,082)	15	401
Enables IT				
Revenues	2,300	6,932	7,279	7,643
Growth	nm	nm	5%	5%
Gross profit	800	1,414	1,385	1,455
Gross margin	35%	20%	19%	19%
Cash opex	(452)	(947)	(975)	(1,024)
Adjusted EBITDA contribution	348	467	410	430
Share of central costs	(159)	(344)	(205)	(208)
Enables IT EBITDAC inc central costs	189	123	205	222
Group EBITDA	2,902	(407)	720	1,160
Group EBITDAC	(109)	(3,959)	220	623
Year-end net debt/(cash)	(4,996)	(604)	(656)	(1,335)

Source: 1Spatial data, Edison Investment Research

We forecast marginal cash generation this year then a pick-up in cash generation in FY19 (the financial year ending January 2019). With a £3m overdraft facility the company should not require further funds on the basis of these estimates, although careful cash management will be required.

Valuation

1Spatial is valued at typical recovery multiples, with a low EV/sales of 1.2x vs 2x+ for most peers, but a high P/E due to the company's compressed margins (losses forecast for FY18). The case for upside therefore hinges on the company performing somewhat better than our forecasts, with operational gearing driving a significant improvement in profitability.

As previously discussed, we believe that this is very possible. The market for GIS technology is large and growing at a double-digit rate and we believe that 1Spatial has the customer base, technology and expertise to capitalise on this. A continuation of the encouraging Q1 through the year would, we believe, drive upgrades.

5p a good starting point, if financial performance improves

Looking at the core Geospatial business, if the company can maintain top-line growth and demonstrate that margins are on an expansion track, then a 2x+ FY19e EV/sales ratio would be easily justifiable. This would imply a valuation of £36m or 4.7p per share for the Geospatial business alone.

Enables IT is unlikely to attract a high multiple; we believe that an FY19e EBITDA multiple of 5-7x would be fair, implying a £2.2m to £3m (0.3-0.4p per share) valuation based on our conservative estimates. We see EBITDA multiples as more instructive in this instance due to the steady state nature of the Enables IT business, contrasted with the recently volatile performance of the Geospatial segment.

Together, these multiples would imply that a 5p share price is very achievable in the near term, if financial performance continues to improve.

Cost synergies and strategic assets add value

We also believe that the GIS business could continue to play a role in further industry consolidation. This is an acquisitive space and we believe that 1Spatial is well positioned with its expertise, customer base and technology, augmented by significant potential cost synergies through reducing central costs.

Exhibit 6: Peer group multiples

	Name	Price – reporting currency	Quoted currency	Market cap (m)	EV/sales 1FY (x)	EV/sales 2FY (x)	EV/EBITDA 1FY (x)	EV/EBITDA 2FY (x)	P/E 1FY (x)	P/E 2FY (x)
GIS related										
HEXAB SS Equity	Hexagon AB-B SHS	41.1	SEK	141510	5.0	4.7	16.3	14.2	23.5	20.9
TRMB US Equity	Trimble Inc	39.9	US$	10096	4.0	3.6	20.7	17.6	27.8	24.0
NEM GY Equity	Nemetschek SE	65.4	€	2518	6.3	5.5	24.1	20.8	40.3	34.1
UK software and services										
FDP LN Equity	First Derivatives	27.3	GBp	690	4.0	3.6	22.6	20.5	42.7	39.6
D4T4 LN Equity	D4T4 Solutions	1.6	GBp	61	2.4	2.2	11.3	10.1	15.7	13.8
KNOS LN Equity	Kainos Group	3.0	GBp	351	3.6	3.2	20.4	17.3	29.4	24.7
IDOX LN Equity	Idox	0.6	GBp	247	2.8	2.5	10.1	8.8	13.6	11.5
KBT LN Equity	K3 Business Technology Group	1.5	GBp	62	0.7	1.0	9.1	10.8	23.9	18.2
SDL LN Equity	SDL	4.7	GBp	384	1.2	1.2	13.2	10.2	21.5	17.1
SSY LN Equity	SCISYS	1.0	GBp	28	0.7	0.7	6.9	6.4	9.1	8.4
IOM LN Equity	Iomart Group	3.2	GBp	347	3.6	3.4	9.0	8.4	17.8	16.0
SPA LN Equity	1Spatial	3.8	GBp	29	1.2	1.1	126.8	44.8	N/A	N/A

Source: Bloomberg consensus, Edison Investment Research forecasts for 1Spatial. Note: Priced at 13 September 2017.

Sensitivities

US rollout: The US is the largest market for geospatial solutions by some margin and a region in which 1Spatial is substantially underpenetrated. Growing in the US is an element of management's strategy. Success in the US could transform the company's financial profile but equally succeeding in the US often takes longer and requires more investment than originally anticipated. We believe that we have taken a conservative stance in our forecasts.

Transitional status reduces visibility: 1Spatial's business model is still in transition, which inevitably reduces the visibility over future financial performance. Nevertheless, the shift in emphasis towards direct sales rather than relying on channel partners should give the company some better visibility over its pipeline versus the previous strategy.

Balance sheet: On the basis of our forecasts the company should not need to raise more funds although careful cash management will be required and the margin for error is low. It is also possible that the company raises funds to accelerate growth at some stage, although we believe that this would only be likely once the current transformation plan has been shown to deliver material benefits.

Large direct customer engagements: 1Spatial's direct engagements with clients can be sizeable, and it can be difficult to predict when deals will close.

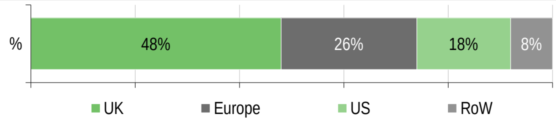
Currency: 1Spatial reports in sterling and its cost base is sterling weighted, but in FY17 only 48% of revenues came from the UK and this should reduce as the company builds its presence in the US and Europe (18% and 26% of revenues, respectively).

Exhibit 7: Financial summary (continuing operations)

£000s	2016	2017	2018e	2019e
Year end 31 January	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	18,300	22,065	23,812	25,577
Delivery costs	(7,715)	(12,386)	(13,461)	(14,376)
Gross Profit	10,585	9,679	10,351	11,201
EBITDA	2,902	(407)	720	1,160
Operating Profit (before amort. and except.)	1,584	(2,071)	(542)	(78)
Acquired Intangible Amortisation	(200)	(825)	(400)	(400)
Exceptionals	(1,081)	(11,988)	0	0
Share based payments	(976)	(566)	(750)	(750)
Operating Profit	(673)	(15,450)	(1,692)	(1,228)
Net Interest	(27)	(32)	(42)	(161)
Other	(421)	(266)	0	0
Profit Before Tax (norm)	1,136	(2,369)	(585)	(240)
Profit Before Tax (FRS 3)	(1,121)	(15,748)	(1,735)	(1,390)
Tax	503	988	347	278
Profit After Tax (norm)	1,136	(2,369)	(585)	(240)
Profit After Tax (FRS 3)	(618)	(14,760)	(1,388)	(1,112)
Average Number of Shares Outstanding (m)	691.3	728.9	747.7	760.5
EPS - normalised (p)	0.16	(0.33)	(0.08)	(0.03)
EPS - normalised fully diluted (p)	0.16	(0.33)	(0.08)	(0.03)
EPS - (IFRS) (p)	(0.09)	(2.02)	(0.19)	(0.15)
Dividend per share (p)	0.0	0.0	0.0	0.0
Gross Margin (%)	57.8	43.9	43.5	43.8
EBITDA Margin (%)	15.9	N/A	3.0	4.5
Operating Margin (before GW and except.) (%)	8.7	N/A	N/A	N/A
BALANCE SHEET				
Fixed Assets	22,115	13,025	12,413	11,980
Intangible Assets	18,900	11,968	11,558	11,308
Tangible Assets	1,638	1,057	855	672
Investments	1,577	0	0	0
Current Assets	16,202	10,761	12,254	12,591
Stocks	0	0	0	0
Debtors	10,815	8,929	8,870	9,527
Cash	4,996	1,285	2,837	2,516
Other	391	547	547	547
Current Liabilities	(11,071)	(13,029)	(14,147)	(14,013)
Creditors & other	(11,071)	(12,348)	(11,966)	(12,832)
Short term borrowings	0	(681)	(2,181)	(1,181)
Long Term Liabilities	(1,579)	(1,535)	(1,088)	(1,088)
Long term borrowings	0	0	0	0
Other long term liabilities	(1,579)	(1,535)	(1,088)	(1,088)
Net Assets	25,667	9,222	9,431	9,469
CASH FLOW				
Operating Cash Flow	(722)	(1,061)	397	1,369
Net Interest	(31)	(166)	(42)	(161)
Tax	55	425	347	278
Capex	(3,800)	(4,042)	(750)	(806)
Acquisitions/disposals	(1,033)	(900)	100	0
Financing	1,940	896	0	0
Dividends	0	0	0	0
Net Cash Flow	(3,342)	(4,848)	52	680
Opening net debt/(cash)	(8,250)	(4,996)	(604)	(656)
HP finance leases initiated	0	0	0	0
Other	88	456	0	0
Closing net debt/(cash)	(4,996)	(604)	(656)	(1,335)

Source: 1Spatial reports, Edison Investment Research. Note: Net losses on discontinued businesses in FY17 of £3.5m are not shown in the exhibit above.

EDISON

Contact details	Revenue by geography (continuing operations)
Tennyson House Cambridge Business Park Cambridge CB4 0WZ UK +44 (0) 1223 420414 1spatial.com	

Management team

Executive Chairman: Andrew Roberts	Interim CEO and CFO: Claire Milverton
Andrew led The Innovation Group plc from 2009 until its sale to Carlyle Group in 2016 for £500m. He was also chairman of Kewill plc, non-executive director and chairman of Civica and prior to this was non-executive chairman of Vega Group plc until its sale in 2008 to Finmeccanica SPA for £61m. Andrew started his career at ICL and then led the management team that turned around private–equity owned Data Sciences, which was sold to IBM in 1996.	Claire joined the board in April 2010. Prior to this, Claire was the group financial controller at Xploite plc, a company acquired by 1Spatial plc in 2010. Claire joined Xploite plc having previously been a senior manager at PwC. Claire was appointed interim chief executive officer on 30 December 2016, in addition to her existing role as chief financial officer for 1Spatial. Claire has had a number of years of experience in the technology industry and is a chartered accountant and a fellow of the Institute of Chartered Certified Accountants.
Financial Director: Nicole Payne	**Non-executive Director: Nick Habgood**
Nicole was group financial accountant within 1Spatial from January 2015 to March 2017, having previously worked at Broadcom Europe Limited, prior to which she trained and qualified with Deloitte.	Nick is the founder and managing partner of London-based private equity firm Azini Capital Partners LLP. Nick has substantial board level experience helping technology companies execute on growth opportunities.

Principal shareholders	(%)
Hargreave Hale	12.79
Azini Capital Partners LLP	12.46
Liontrust Asset Management	10.73
J O Hambro Capital Management	8.76
Legal & General Investment Management	8.10
Octopus Investments	4.83
Threadneedle Asset Management	4.95
Hargreaves Lansdown Asset Management	3.37

Companies named in this report

Hexagon AB (HEXAB.SS), Trimble Inc (TRMB.US), Nemetschek (NEM.GR), D4T4 Solutions (D4T4.LN), Kainos Group (KNOS.LN), First Derivatives (FDP.LN), IDOX (IDOX.LN), K3 Business Tech (KBT.LN), SDL (SDL.LN), SCISYS (SSY.LN), iomart Group (IOM.LN).