

1Spatial

FY25 results

Strategic progress, extended decision cycles

1Spatial's FY25 results were in line with the March trading update, with continued robust growth in recurring software revenues offset by weakness in services. We remain confident that 1Spatial is laying the groundwork to deliver sustained operationally leveraged growth and, notably, several new 1Streetworks contracts are in final-stage negotiations. However, near-time decision cycles remain sluggish, which leads us to pare back our FY26 revenue estimate by 7%, with operational leverage resulting in more material reductions in profitability. Even on cautious assumptions, the continuing transition to higher-margin revenues should drive a robust margin recovery in FY27.

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	10.6	31.7
1/25	33.4	5.6	1.8	0.76	10.3	58.8
1/26e	36.0	6.1	2.0	0.79	9.6	56.1
1/27e	38.3	8.1	3.8	2.11	7.1	21.1

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

Transition to recurring software continues

Revenue performance in FY25 (revenues +27% to £20.7m) reflected the positive transition to higher-margin recurring revenue streams (term licences +27% to £20.7m, SaaS +400% to £1.0m) offset by long decision cycles and delays to a large service contract, with service revenues reducing by 9% to £11.8m. EBITDA grew 3% to £5.6m, with adjusted PBT of £1.2m (vs £2.1m in FY24) reducing due to higher depreciation and finance charges. Net debt was £1.1m (FY24 net cash £1.1m), reflecting 1Spatial's ongoing investment in product development.

Revising estimates to reflect sluggish decision cycles

We revise our FY26 growth estimate to 8% from 16% previously to reflect the sluggish decision cycles in US government and transport/infrastructure investment generally. Operational leverage, higher D&A and interest costs mean EBITDA and adjusted EPS are reduced by 20% and 65%, respectively. We introduce FY27 estimates and assume continued growth in software with some pick-up in services. We believe these forecasts reflect a relatively cautious scenario, but the transition to higher-margin, recurring revenues and operational leverage nevertheless drives robust margin expansion. Accelerating adoption of 1Streetworks and a pick-up in US sales, supported recent investment in the sales team could be upside catalysts.

Valuation: Growth and margin expansion not reflected

1Spatial's EV/sales ratio of 1.6x for FY26 is an interesting recovery multiple for a software company, with the average for smaller software companies c 2x+. We continue to believe the long-term growth and margin expansion story remains good. Some end markets are currently disrupted, they are also large, and we continue to believe that 1Spatial's geospatial data management capability is a differentiated and relevant proposition when extracting value from data is becoming a core business competence. Evidence of a pick-up in the win rate, particularly from 1Spatial's SaaS products, would be a key catalyst for estimates upside and a share price recovery.

Software and comp services

8 May 2025

Price	44.50p
Market cap	£57m
Net cash/(debt) at 31 January 2025	£(1.1)m
Shares in issue	111.3m
Code	SPA
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	1.0	(25.0)	(23.9)
52-week high/low		76.5p	44.5p

Business description

1Spatial's core technology validates, rectifies and enhances geospatial data. Its enterprise solutions ensure data is accurate, compliant and efficiently managed across government, utilities and transportation. The company's SaaS products address specific workflow bottlenecks, most notably automating the creation of traffic management plans.

Next events

AGM June/July 2025

Analyst

Dan Ridsdale +44 (0)20 3077 5700

tmt@edisongroup.com

[Edison profile page](#)

Positive on growth prospects remain strong despite near-term headwinds

1Spatial has been investing in its transition to a higher-margin, recurring software model for a number of years, which is reflected in the 35% growth in software sales (term licence and SaaS) to £11.5m in FY25. The company is exposed to some end markets that are disrupted however, particularly US government, where factors such as the change of government and DOGE initiatives will inevitably make closing business more difficult. Moreover, in 1Streetworks, we believe that 1Spatial has a highly promising product, but it does introduce new workflows into a conservative industry, so driving uptake takes time and investment.

Nevertheless, we remain confident that 1Spatial is laying the groundwork to deliver an uptick in operationally leveraged growth:

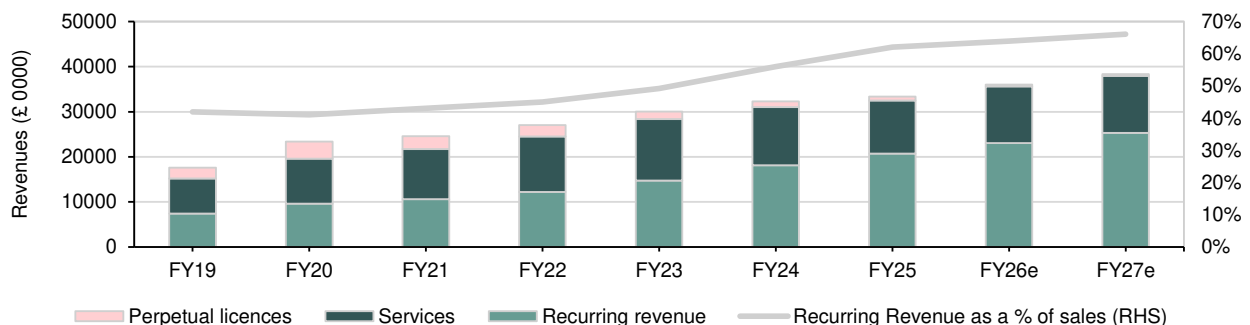
Structurally well-placed: Most fundamentally, we believe that 1Spatial's core competence and IP in geospatial master data management puts the company in an attractive position. Extracting value from datasets is becoming a core business competence across many sectors. The company also operates in markets that are under-digitised, in which collecting, managing and leveraging geospatial data can play a major role in driving efficiency, collaboration and supporting AI and Digital Twin initiatives.

1Streetworks: As discussed earlier, penetrating this market is taking time. However, in UK Power Networks, Surrey and Kent County Councils the company now has an established reference customer base. UK Power Networks is a positive advocate for the product, and Kent County Council's estimate that using the product could support a reduction in road closures of 40% is extremely noteworthy. The company reports that several new 1Streetworks contracts are in the final stages of negotiation. Closure of these deals will grow the company's recurring revenue base and should reduce reticence elsewhere in the market. The ability of the platform to enable collaboration between different agencies is delivering significant benefits, which should support sales uptake between adjacent agencies. These network effects should grow as the customer base expands.

Investment in key sales staff: 1Spatial has made strategic investments in its sales team to support growth initiatives. In the UK and Ireland, it appointed Nabil Lodey as the new managing director and a new sales director for 1Streetworks. In the US, the company has hired a new director of professional services and established a business development team focused on the NG9-1-1 market. We expect this investment to support faster growth and margin expansion from FY27 onwards. Resources will also be focused on more resilient market sectors such as utilities, transport and public safety in the near term.

Growing recurring revenue base: Recurring revenues grew by 14.5% in FY25 and accounted for 62% of total revenues, up from 45% in FY22, and management is confident of delivering further growth in recurring software revenues in FY26. As this stronger foundation of recurring revenues offsets more costs, incremental revenues will start to drop more strongly through to profits and cash flows.

Exhibit 1: Long-term improvement in revenue mix



Source: Company data, Edison Group

More benign market conditions: Global economic conditions remain difficult, but FY25 exceptional turbulence, with elections in the UK and US, the latter of which has been followed by a significant focus on government spend with the DOGE initiative.

Estimates and changes

Our estimate changes are detailed in Exhibit 2.

Forecasts moderated but still expect a pick-up in growth in FY26

Despite reducing our FY26 estimate by 7%, we still anticipate growth to pick up to 8% from 3% in FY26. Management is anticipating growth across all its geographies in its Enterprise business, while it is also seeing signs of recovery in the US market. Service revenue should expand again with commencement of the large Belgian contract, albeit at a modest margin. As a result we expect gross margin to remain relatively flat, with EBITDA margins also remaining flat at 17% with gross profit improvements offset by the full-year impact of investments in the business development team, which should start to yield returns progressively. We expect capitalised R&D costs to continue to moderate (FY24 £5.3m, FY25 £4.8m, FY26 £4.7m). Our increased year-end net debt forecast of £1.5m reflects the reduced profitability and higher interest payments. With a £5.5m revolving credit facility we believe that the company has ample headroom to execute its growth plan.

Our FY27 estimates are new and essentially reflect consistent growth across both recurring software and services on a flat cost base. This drives an expansion in margins and a return to positive cash generation. We also see scope for costs to be reduced.

We believe that these estimates are set at a cautious level and better-than-forecast software sales could generate material earnings upside. We estimate that each incremental £1m of software revenue in FY27 should add around 15% to our FY27 EPS.

Exhibit 2: Estimate changes

£'k	FY24		FY25		FY26e			FY27e
	Actual	Forecast	Actual	Change	Old	New	Change	New
Revenue	32,315	33,400	33,384	0%	38,700	36,030	-7%	38,330
y-o-y growth	8%	3%	3%		16%	8%		6%
Gross profit	17,926	19,038	18,541	-3%	22,059	19,997	-9%	21,465
Gross margin	55.5%	57.0%	55.5%		57.0%	55.5%		56.0%
Adj EBITDA	5,479	5,600	5,616	0%	7,600	6,050	-20%	8,100
Adj EBITDA margin (%)	17%	17%	17%		20%	17%		21%
Normalised operating income	2,463	2,311	1,810	-22%	3,811	2,018	-47%	3,832
Normalised net income	1,581	1,285	866	-33%	2,558	914	-64%	2,424
Reported net income	1,180	1,016	167	-84%	2,290	425	-81%	2,123
Adj EPS diluted (p)	1.4	1.1	0.8	-33%	2.3	0.8	-65%	2.1
Net debt/(cash)	(1,079)	1,142	1,018		48	1,504		138

Source: Company data, Edison Group

Exhibit 3: Financial summary

	£'k	2023	2024	2025	2026e	2027e
Year end 31 January		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		30,002	32,315	33,384	36,030	38,330
Cost of Sales		(14,504)	(14,389)	(14,843)	(16,033)	(16,865)
Gross Profit		15,498	17,926	18,541	19,997	21,465
EBITDA		4,997	5,479	5,616	6,050	8,100
Operating profit (before amort. and excepts.)		2,026	2,463	1,810	2,018	3,832
Amortisation of acquired intangibles		(386)	(391)	(391)	(391)	(391)
Exceptionals		(194)	(693)	(536)	(250)	0
Share-based payments		(192)	33	(11)	(11)	(11)
Reported operating profit		1,254	1,412	872	1,366	3,430
Net Interest		(210)	(355)	(655)	(800)	(600)
Joint ventures & associates (post tax)		0	0	0	0	0
Exceptionals		0	0	0	0	0
Profit Before Tax (norm)		1,816	2,108	1,155	1,218	3,232
Profit Before Tax (reported)		1,044	1,057	217	566	2,830
Reported tax		14	123	(50)	(142)	(708)
Profit After Tax (norm)		1,362	1,581	866	914	2,424
Profit After Tax (reported)		1,058	1,180	167	425	2,123
Minority interests		0	0	0	0	0
Discontinued operations		0	0	0	0	0
Net income (normalised)		1,362	1,581	866	914	2,425
Net income (reported)		1,058	1,180	167	425	2,123
Average Number of Shares Outstanding (m)		110.8	110.9	110.6	111.3	111.3
EPS - basic normalised (p)		1.23	1.39	0.78	0.82	2.18
EPS - normalised fully diluted (p)		1.20	1.40	0.76	0.79	2.11
EPS - basic reported (p)		0.95	1.06	0.15	0.38	1.91
Dividend (p)		0.00	0.00	0.00	0.00	1.00
Revenue growth (%)		11.0	7.7	3.3	7.9	6.4
Gross Margin (%)		51.7	55.5	55.5	55.5	56.0
EBITDA Margin (%)		16.7	17.0	16.8	16.8	21.1
Normalised Operating Margin (%)		6.8	7.6	5.4	5.6	10.0
BALANCE SHEET						
Fixed Assets		19,277	21,524	23,428	24,133	22,506
Intangible Assets		17,408	19,951	21,512	22,938	21,743
Tangible Assets		1,869	1,498	1,456	735	302
Investments & other		0	75	460	460	461
Current Assets		19,222	17,030	18,013	18,289	20,884
Stocks		0	0	0	0	0
Debtors		14,151	12,770	14,386	15,152	16,382
Cash & cash equivalents		5,036	4,260	3,627	3,137	4,502
Other		35	0	0	0	0
Current Liabilities		17,093	15,334	16,234	16,638	17,223
Creditors		15,797	14,004	14,956	15,360	15,488
Tax and social security		0	99	171	171	629
Short-term borrowings		660	647	369	369	369
Other		636	584	738	738	738
Long-Term Liabilities		4,097	4,913	6,726	6,726	6,726
Long-term borrowings		1,322	2,534	4,273	4,273	4,273
Other long-term liabilities		2,775	2,379	2,453	2,453	2,453
Net Assets		17,309	18,307	18,481	19,059	67,339
Minority interests		0	0	0	0	1
Shareholders' equity		17,309	18,307	18,481	19,059	67,340
CASH FLOW						
Operating Cash Flow		4,593	4,356	4,500	5,000	7,500
Working capital		537	(112)	(138)	(363)	(1,102)
Exceptional & other		12	0	0	0	0
Tax		179	140	(218)	(142)	(250)
Net operating cash flow		5,321	4,384	4,144	4,496	6,148
Capex		(4,017)	(5,362)	(5,055)	(4,916)	(4,716)
Acquisitions/disposals		0	0	0	0	0
Equity financing		14	19	125	0	0
Dividends		0	0	0	0	0
Other		(1,994)	357	184	(67)	(67)
Net Cash Flow		(676)	(602)	(602)	(487)	1,365
Opening net debt/(cash)		(3,231)	(3,054)	(1,079)	1,018	1,505
FX		89	(174)	(34)	0	0
Other non-cash movements		410	(1,199)	(1,461)	0	0
Closing net debt/(cash)		(3,054)	(1,079)	1,018	1,505	140

Source: Company data, Edison Group

Distributed by London South East

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
