IQGeo Group plc
Annual Report 2022

Building better networks

Telecommunications and utility operators are “Building better networks” with IQGeo’s award-winning software solutions. The ability to powerfully model any network requirement, integrate every system and data source, and support field and office teams with continual innovation is helping operators create the networks of the future. Our solutions ensure greater cross-team collaboration and process efficiency throughout the network lifecycle, from planning and design to construction, operations and sales.

Contents

Strategic report

Corporate governance

Financial statements

Background image shows our office located in Denver.

See more about our locations on page 3

Awards:

Our vision

To create better networks that improve the communication connectivity, energy security, and service reliability for communities around the world.

Workflow manager

Our purpose

To help our customers achieve their ambitious broadband network expansion, electric grid modernisation, and decarbonisation objectives.

Our strategic focus

Goal 1
Global growth

Goal 2
Recurring revenue

Goal 3
Product innovation

Read more about how we are delivering on our strategy on pages 22 and 23

At a glance

In 2022 IQGeo demonstrated strong financial and market share growth, driven by the active development of our award-winning geospatial software solutions.

The telecom and utility markets we serve with our geospatial network management software continue to make significant investments in broadband rollout and electric grid modernisation and our technology plays a strategic role in their business success. Fuelled by government programmes and corporate investment around the world, financial resources are being dedicated to universal broadband access, and the electrification and decarbonisation of utility grids. The market opportunity for the IQGeo software will remain robust for some time to come as these initiatives are deployed over the coming decades.

A key differentiator for IQGeo is our ability to provide a single common software platform that supports the entire lifecycle of our customers' networks. With the acquisitions of OSPInsight in 2020 and Comsof in 2022 and the innovative organic growth of our software, we have established a distinctive market position. Unlike most of our competitors, IQGeo can deliver a solution that begins with high-level network planning and continues through construction, operations, maintenance and disaster response. A single common platform joins up operational processes for greater efficiency and reduces the complexity and expense of integrating applications from different disconnected vendors. The vision of providing our customers with a fully integrated network lifecycle solution that is built upon a geospatial network digital twin has been fundamental to our success in 2022 and will continue to drive our business in the future.

Highlights

Exit annual recurring revenue (£m)

£15.1m +84%

2022	**15.1**
2021	8.2
2020	5.3

In-year recurring revenues (£m)

£10.6m +84%

2022	**10.6**
2021	5.8
2020	3.2

IQGeo own product orders (£m)

£40.5m +115%

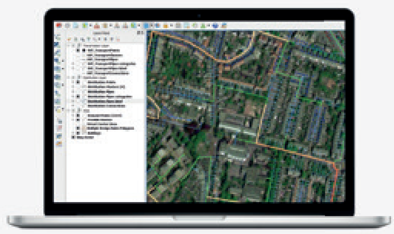
2022	**40.5**
2021	18.9
2020	10.7

Gross margin (%)

59%

2022	**59**
2021	64
2020	52

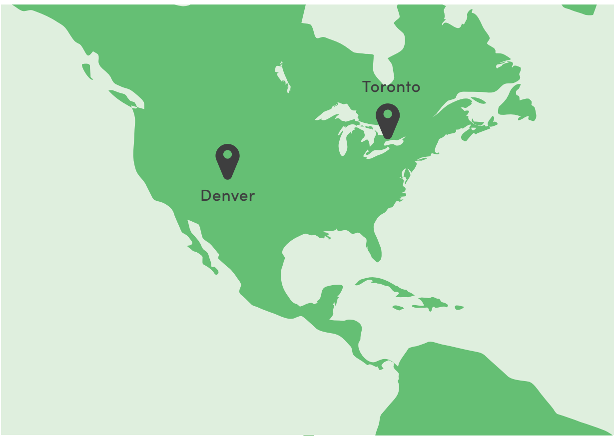
> We have remained committed to our vision of providing our customers with the world's only integrated platform that allows them to plan, build and operate their physical assets in a single solution.
>
> **Richard Petti**
> Chief Executive Officer

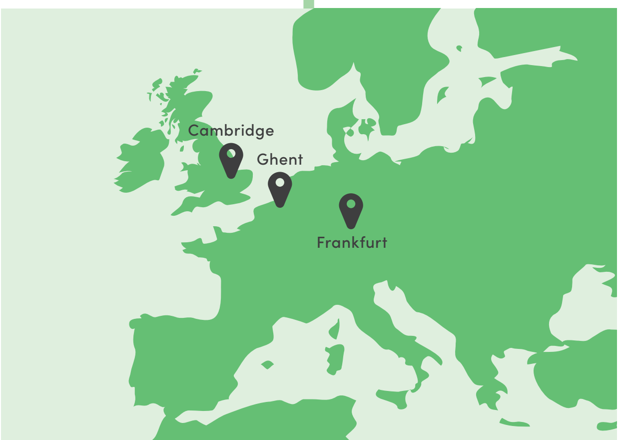


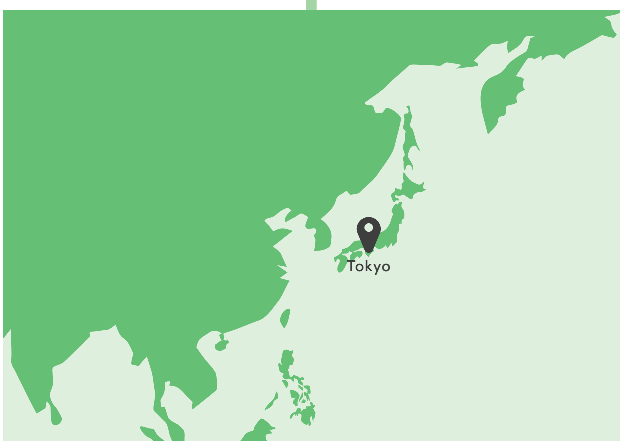
Comsof Heat

There is a clear market demand for solutions that support the entire network lifecycle to enable new working models, changing workforce demographics, and evolving climate change initiatives.

Our locations







Adjusted EBITDA
£1.9 million

Employees at the end of 2022
180

Number of new customers
64

Telecoms and utility customers
450+

Delivering value across the network lifecycle

See more about our network lifecycle on page 9

Investment case

IQGeo's core telecom and utility industry markets continue to actively invest in technology to support digital transformation initiatives, grid modernisation requirements, and net-zero carbon objectives.

IQGeo's core telecom and utility industry markets continue to actively invest in technology to support digital transformation initiatives, grid modernisation requirements, and net-zero carbon objectives. We anticipate that these markets will remain strong for the medium and long term, supported by significant public funding and private investment. The IQGeo products have proven themselves in deployments with some of the world's largest network and grid operators and we continue to build market momentum with our innovative software solutions.

01. Compelling market drivers

As project funding continues to grow from government initiatives and private investors for universal broadband and electric grid modernisation and decarbonisation, IQGeo is well positioned to capitalise on these global industry megatrends and capture greater market share in existing and new regions.

Read more on page 18

02. World-class products

IQGeo product innovation is key to our business success and in 2022 we had major new releases of our flagship Network Manager Telecom and Network Manage Electric software and an initial integration of our Comsof automated planning software acquired in 2022. IQGeo's software portfolio has the ability to deliver a complete network lifecycle solution.

Network Manager Electric

Read more on pages 8 and 9

03.
Experienced team

The IQGeo team is the most important ingredient to our success and we are growing to support our expanding global customer base. We remain committed to hiring and retaining telecom and utility industry experts to support the broadband expansion and grid modernisation ambitions of our customers.

04.
Strong financials

IQGeo delivered against all of our key financial metrics and we continue to build a diverse recurring software subscription revenue stream using a resilient direct and partner sales strategy that targets both large and small network operators across different geographic and industry areas.

05.
Growing market momentum

IQGeo's reputation as a technology and industry leader continues to grow as we acquire large tier 1 and tier 2 (Enterprise) customers and expand our smaller tier 3 and tier 4 (SMB – Small to Medium Business) network operators across new industries and geographies. We continue to expand our global customer network with compelling case studies and account referrals.


New Comsof team at Connected Britain in London

Read more on page 36


IQGeo employees at Denver Meetup

Read more on pages 38 to 40

Read more on pages 18 and 19

Partner and integration ecosystem

Creating a strong partner and technology ecosystem remains a strategic component of IQGeo's growth strategy. The ability to quickly scale our geographic presence and customer support services depends on a capable ecosystem of like-minded organisations with industry and technical expertise.

In 2022 we made progress in adding new partners and we established a dedicated partner management function that is working to create a professional partner programme that will accelerate this area of our business.

Reseller and OEM partners

Reseller and OEM partners market, sell and support the IQGeo software in specific geographic regions and vertical industries. Some partners retain the IQGeo product branding in their sales activities and others OEM our software by integrating it into their own product lines and branding.

Partners:

Implementation and development partners

Implementation and development partners are trained to provide IQGeo product implementation and custom development services to our joint customers. Depending on project specific requirements, these services may be provided directly to the customer or in combination with IQGeo's own service activities.

Partners:

Cloud hosting partners

IQGeo works actively with cloud hosting companies to provide optimised hosting services to our customers deploying IQGeo cloud native software. IQGeo works with all the major hosting operators and custom on-premise solutions to support the cloud strategy of our customers.

Partners:

Technology partners

IQGeo works together with technology partners to integrate our software with their technology or have integrated their software into our own product and application environment. These partners also include technology certifications achieved by IQGeo. We work together with some technology partners to jointly sell and support combined solutions.

Partners:

Open source software integrations

An open source technology model underpins the IQGeo software development philosophy and is a major differentiator when compared to many of our competitors that have a very traditional, proprietary software approach. Our current product offering includes more than 80 open source components.

Partners:

PostGIS

SQLite

Technology integrations

IQGeo has successfully integrated areas of our software portfolio with software and hardware technology from a wide range of companies to deliver specialised solutions to our customers. We have completed advanced integrations for our customers using technology from more than 25 companies.

Partners:

You can view a complete list of all our partners in each of these ecosystem categories by visiting our website at **www.iqgeo.com/partners-and-integrations**

> In addition to the strong organic growth delivered within the business, the last two years have seen two software acquisitions.
>
> **Paul Taylor**
> Chair

Comsof Fiber

Our products

The IQGeo software product suite matured significantly in 2022. The focus of our technology evolved from mobility-centric field applications to a much more holistic solution that provides value to our customers across the entire lifecycle of their telecom and utility networks.

Driven by requirements from our customers for a single software platform that can be shared across operational processes and working groups, we launched next-generation versions of our Network Manager products. Network Manager Telecom and Network Manager Electric give our customers a strategic technology foundation for the long-term efficient operation of their business. IQGeo now provides an optimised network digital twin that underpins and supports an integrated planning, construction management, maintenance and disaster response solution.

The IQGeo product offering includes highly customisable enterprise network management capabilities used by some of the world's largest broadband and electricity grid operators as well as a more packaged fibre network management solution that can be deployed within days for smaller networks operated by regional ISPs, corporates, municipalities, transportation authorities and governmental institutions.

The 2022 acquisition of the Comsof software extends and strengthens our product line strategy by allowing us to offer the industry's premier automated fibre planning and design capabilities that support the initial phases of the fibre network lifecycle. The Comsof capabilities also include automated planning tools for electric grids and district heating which provide the technology foundation for further expansion into other industries in the future. Refer to the Comsof acquisition page for more information.

What makes IQGeo different

At IQGeo, our mission is to deliver a comprehensive solution that supports the entire network management lifecycle of our telecom and electric utility customers so they can meet the challenges of deploying next-generation broadband and electric grid services.

Delivering ROI

IQGeo is helping our customers digitise tasks that historically relied on legacy GIS software, disconnected applications and paper-based processes. Our integrated applications that sit on top of a dynamic network digital twin deliver measurable ROI by compressing planning and design, accelerating time to revenue, and streamlining operational processes.

Empowering the enterprise

Our strategy to empower teams across the enterprise depends on the rapid adoption of our software across different departments and working groups, and this demands an easy-to-use solution. To create frictionless technology adoption we focus a great deal of time and effort on the user interface of our software. We work extensively with our customers to optimise the experience for different users, ranging from field crews to office-based management. With a goal of delivering software that requires little or no training, our solutions rapidly spread throughout an enterprise to transform business operations.

Challenging legacy GIS

Technology and processes developed 20-30 years ago simply won't meet the challenge of creating next-generation telecom and utility networks. IQGeo is displacing centralised legacy GIS software with an optimised network digital twin that enables integrated lifecycle management strategy.

Cloud-native

Supporting the chosen IT architecture of our customers continues to be an important element of our software flexibility and this includes providing cloud deployment options. In 2022 we rolled out software for customers across a range of commercial cloud providers and also deployed internal on-premise cloud configurations. Our flexible cloud-native technology is helping customers reduce technical debt and streamline IT processes to ensure greater business performance and scalability.

The IQGeo advantages

The IQGeo product technology is based on four key principles that provide our customers with the flexibility and agility they need to meet rapidly evolving business goals, advancements in network technology, increasing customer expectations and climate change realities.

Model anything

Accelerate planning, design and operations with a network digital twin that efficiently models any requirement or business goal.

Integrate everything

Enhance collaboration and streamline processes by easily integrating any data source or internal system into a single geospatial view.

Use anywhere

Enable field teams to identify and document data in real time, online or offline, more powerfully and flexibly than other solutions.

Innovate constantly

Consistently realise value from your network with a solution that enables you to continually evolve your processes, integrations and scope.

OSPInsight for SMB (Small to Medium Business) customers

In 2022 our OSPInsight software saw a number of updates that enhanced existing functionality and added new capabilities. We have now successfully transitioned away from older-generation desktop-based applications to our latest web-based software. With the majority of our OSPInsight customers choosing cloud hosting, we are accelerating deployment timescales that typically take only a few days. Compressed installations enable rapid ROI for our customers and greater resource productivity for the IQGeo service teams.

IQGeo for Enterprise customers

Major milestones were achieved in 2022 with the release of our latest Network Manager Telecom and Network Manager Electric software. At the heart of both these products is a dynamic network model that is optimised for the specific needs of these industries. Our network models contain a host of standard network components that represent typical physical elements like fibre splice boxes and electric transformers. These elements can be easily combined into hierarchical structures and custom components can be rapidly created. This “Model anything” approach dramatically reduces management time and improves network data quality for our customers.

End-to-end product lifecycle map

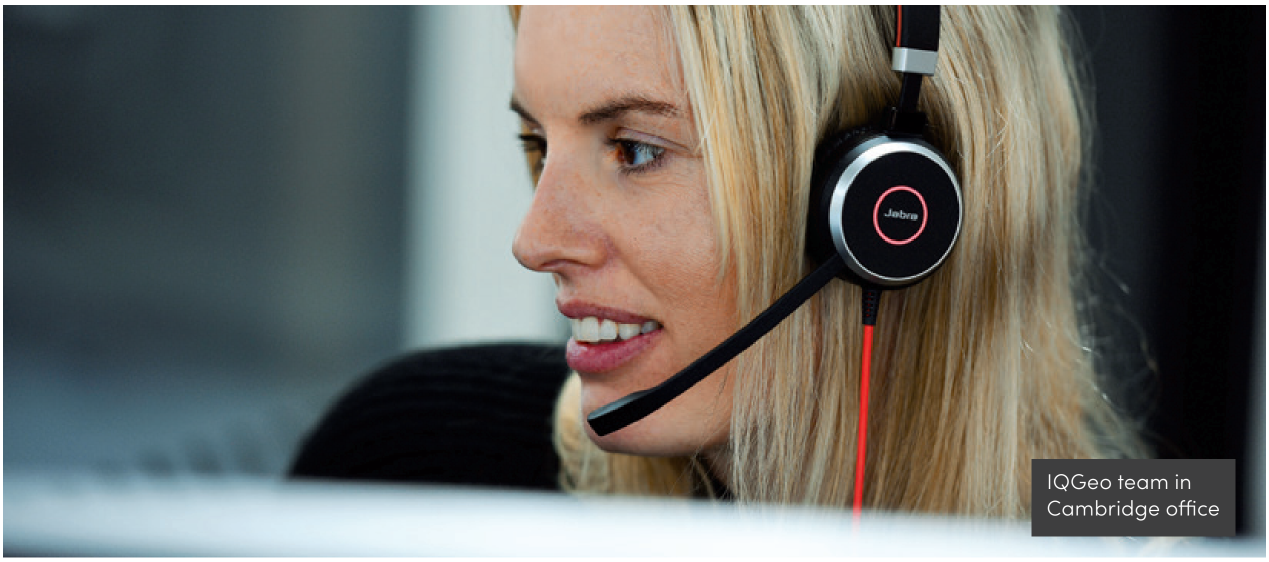
Telecom network operators

Planning & design → Sales & marketing → Construction → Operations & maintenance

Utility network operators

Planning & design → Construction → Operations & maintenance → Outage response

Read more about why companies choose IQGeo:
https://www.iqgeo.com/why-choose-iqgeo-geospatial-software



IQGeo team in Cambridge office

Chair's statement

"

A year of strong organic growth and a key acquisition combine to deliver excellent performance across all metrics.

Paul Taylor
Chair

Revenue growth of

92%

% of total revenue that is recurring was

40%

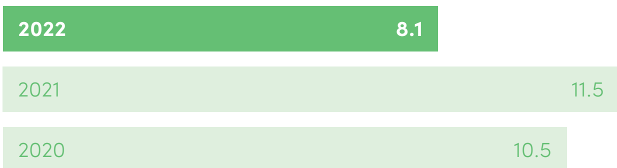
I am very pleased with the progress that has been made in 2022. We continue to develop long-term engagements with our customers in addition to winning a number of new blue chip telecom and utility industry customers during the year. Working closely with these customers, we continue to develop a strong and differentiated suite of products aimed directly at resolving the issues they face in managing complex networks and projects.

Driven by global megatrends for faster broadband and grid decarbonisation, our markets are fuelled by major public and private sector investment and increasing regulatory mandates. Our success in establishing new customers and deploying high-profile projects demonstrates that the IQGeo solutions have crossed the chasm from early adopters and into the mainstream, such that we are now recognised as an innovative industry leader.

I am also pleased to welcome the team from Comsof NV. The acquisition of Comsof in August brought with it a market-leading design engine, a strong presence in Europe and some of the industry's most well-regarded experts. I look forward to seeing how the values of both businesses continue to combine to expand our market penetration and enhance the experience of our customers across the lifecycle of their networks.

Cash, no debt (£m)

£8.1m (30%)




Delegates at the Denver Meetup event

Results overview

Our financial results delivered another year of growth across all of our key metrics. The business generated £1.9 million adjusted EBITDA profit (2021: loss £0.8 million). Recurring revenue increased by over 80% to £10.6 million (2021: £5.8 million) and overall revenue increased to £26.6 million, an increase of 92% on prior year. Organic revenue increased by 57% to £21.8 million (2021: £13.8 million). Cash held on balance sheet amounted to £8.1 million (2021: £11.5 million).

Organisation

The ongoing investment in our business has remained focused. We have increased headcount by 78, expanding our global presence in North America, UK and in Europe on the back of the Comsof acquisition. These investments have been across all aspects of the business including sales, services, technology and support functions. We have the confidence to do this through the greater visibility afforded from a strong order book, an increase in a recurring revenue base, and growing customer demand. We believe these strategic and ongoing investments will help the business to be right-sized for our future growth ambitions.

In addition to the strong organic growth delivered within the business, the last two years have seen two software acquisitions. These acquisitions have brought substantial opportunity where industry expertise and market leading products are allowing our customers and markets to use our software across an expanding number of operational use cases and departments. Integration of these acquisitions remains important to our customers and our people, and I am extremely pleased with how both have contributed to our shared mission. We are already benefiting from a clearly defined, single ambition within the IQGeo Group.

Outlook

2022 has seen substantial progress across all aspects of our business. We continue to work closely with our customers to support and develop solutions through a global presence that meets ever-more complex and growing opportunities that are demanded by the telecom and utility industries. Wider adoption, reputational excellence and growing market needs continue to expand our market presence and allow for the development of those products that serve our customers.

Our strategy has remained consistent for some years, to provide a set of solutions that allow our customers to build and manage key infrastructure. The past year has further validated this conviction with some key customer wins and existing customer expansions. With growing visibility comes greater conviction and, as such, this allows us to invest and expand business and market opportunities. It is on this basis that we remain very confident in our ability to deliver on our revenue and market targets.

I would like to thank all those stakeholders that have joined the business this year and those who have been part of our journey for some time for their trust and hard work.

Paul Taylor
Chair

24 March 2023

Chief Executive Officer's statement

> We are confident that we will continue to build market momentum in 2023 and beyond.
>
> **Richard Petti**
> Chief Executive Officer

Orders related to IQGeo products grew by

115%

New logos won in 2022

64

In 2022 we continued to do what we do best: listen to our customers. In our mission to help build better networks we have remained committed to our vision of providing our customers with the world's only integrated platform that allows them to plan, build and operate their physical assets in a single solution.

This singular vision has proven to be highly compelling and has resulted in another record haul of new contracts, including some of the largest telecoms and utilities customers in the world. Moreover, and of equal importance, as our revenue growth has outpaced our investments, for the first time we have achieved the combination of both high growth and profitability.

Last year in my CEO statement I spoke of a more confident, focused organisation and over the last twelve months we have leveraged our strengths to expand both our organic and inorganic revenue in all our markets, to increase the long-term recurring revenue and to launch exciting new software capabilities.

Our "land and expand" software sales strategy continues to build momentum as we deploy initial "proof of value" solutions and then expand our presence into new operational areas over time. As a result, I am pleased to again report that we have made significant progress against our three strategic business KPIs:

1. Global growth
   a. We now have solutions deployed in over 40 countries worldwide
   b. 64 new clients signed in 2022
   c. 207 client expansions (to include all licence and service orders)
2. Recurring revenue
   a. Exit recurring revenue run rate ACV grew by 84%
   b. In-year recurring revenues grew by 84%
3. Product innovation
   a. Eight major Enterprise software releases across four key product lines
   b. Eight Enterprise software compatibility releases
   c. Five major SMB software releases
   d. Initial IQGeo and Comsof integration project release

Our strategy:

Goal 1
Global growth

Goal 2
Recurring revenue

Goal 3
Product innovation

Read more about how we are delivering on our strategy on pages 22 and 23

Our acquisition of Comsof NV in August 2022 also added the industry-leading automated planning and design engine to our software suite and in just 4.5 months of ownership quickly validated our acquisition logic and contributed significantly to our results. The Comsof customer base gives us a well-established launch pad for cross-selling expansion into EMEA and the Comsof team brings both a substantial physical presence in continental Europe as well as best-in-class analytical skills that accelerate our ability to innovate, particularly in the area of predictive data modelling and analytics.

I have often said that we ride a global wave of "once-in-a-generation" capex investments in fibre networks and grid modernisation. The market opportunity for our software technology remains very strong as there is still a great deal of work to be done in deploying fibre networks and modernising electricity grids around the world.

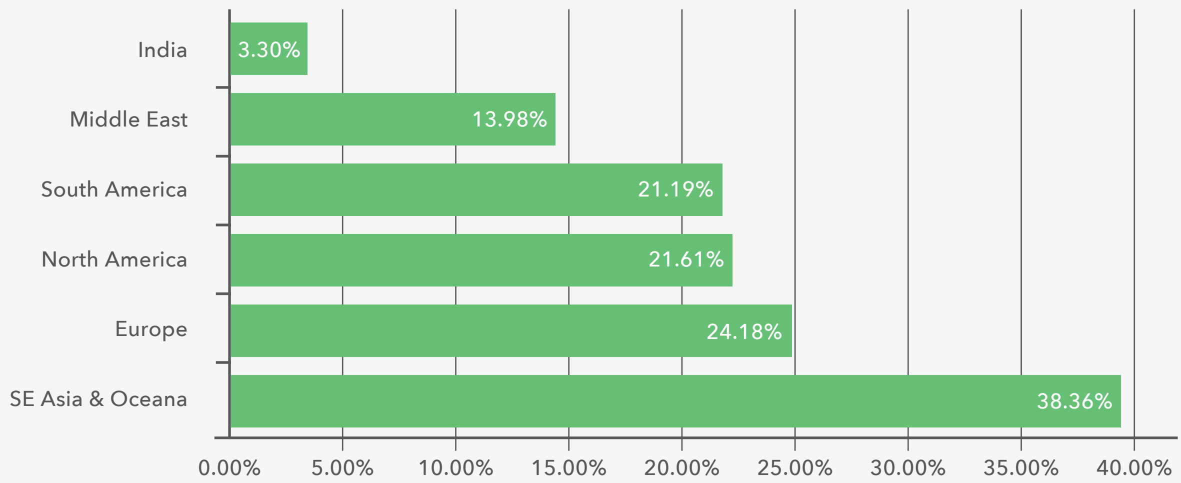
Broadband market opportunity

Recent market research published by the Fibre-to-the-home Global Alliance reports[1] low FTTH/B (Fibre to the home/business) penetration rates in many of our key target markets.

These low penetration figures represent the growth opportunity in our telecoms business as nations aim for fibre broadband and 5G market saturation. For example, in the US, nearly $130 billion[2] in federal, state and local subsidies are being invested across a range of broadband initiatives to support urban, rural and low-income areas.

As broadband operators race to rollout fibre and build valuable market share, we see these investments trigger a complete overhaul of supporting business systems. IQGeo's flexible technology foundation and integrated lifecycle strategy has been well received by the market and is driving the sales success for our software and services.

2022 FTTH/B penetration



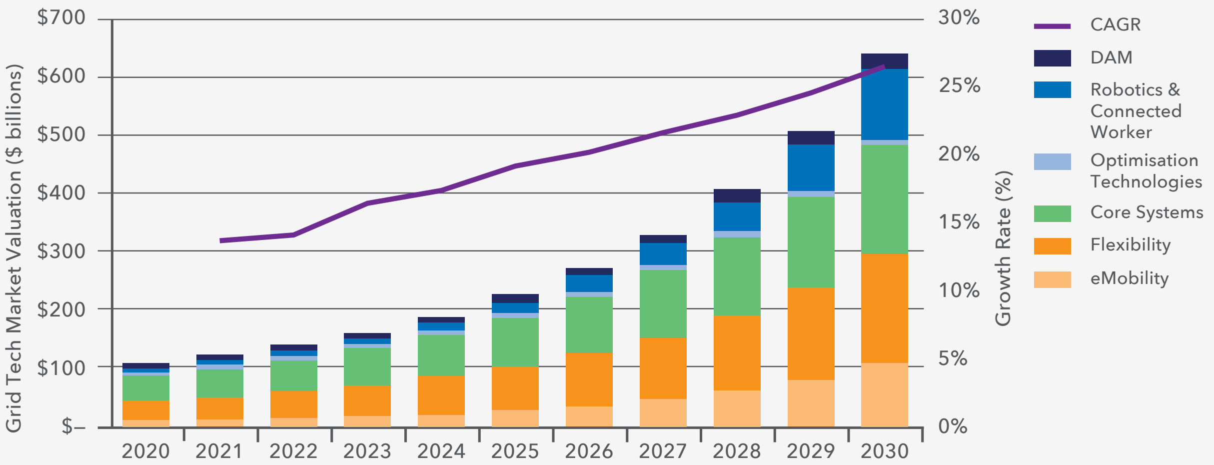
1. FTTH/B Global Ranking report, May 2022 – Fibre-to-the-home Global Alliance.
2. Fiber Broadband Association – The status of U.S. broadband and the impact of fiber broadband – July 2022.

Chief Executive Officer’s statement continued

Electric utility market opportunity

While different in nature to the fibre broadband market, the electric grid modernisation market opportunity is also very compelling for IQGeo. Worldwide, we see that electric grids are undergoing fundamental redesign driven by increasing net-zero governmental mandates and the deployment of distributed energy resources (DERs), electric vehicles and battery storage. These infrastructure investments will be accompanied by parallel investments in intelligent software and sensors to manage them.

Grid Tech Market Valuation Forecast, Global, 2020-2030
CAGR, 2020–2030 = 19.60%



Indigo Advisory Group Meta Analysis 2022

Significant projected growth in grid technology investment is forecast in recent research completed by the Indigo Advisory Group[1]. In their report, the IQGeo technology falls neatly into their classification of “Grid tech” which they define as software solutions, sensors and applications that focus on grid performance and utility innovation. In addition, we are seeing major public sector stimulus investment in grid modernisation. One prominent example is the American Recovery and Reinvestment Act (ARRA)[2] that allocates $4.5 billion in public sector spending for modernisation of the US electric grid. This investment is supported by private sector investment commitments of an additional $5 billion for a total of $9.5 billion.

Handicapped by years of regulatory inertia and legacy computer systems and software, the industry is undergoing an essential transformation to adopt the increasingly complex grid architecture of the future. Generations of these older asset management systems and processes are slowly, but surely, being replaced by alternative software to design, construct and maintain a modern distributed grid. IQGeo’s integrated network lifecycle solution is finding success in this market with influential grid operators that are focused on decarbonisation initiatives and through a “land” strategy of deploying our industry-leading mobile technology for field service and inspection applications.

In Japan, our software is also being used by some of the country’s largest electric utilities to create damage assessment and disaster response dashboards that help to manage their networks during frequent severe storms and natural disasters. The experience gained from our Japanese customer deployments is being used to create similar disaster response solutions with customers elsewhere in the world where utility disaster response is a high priority.

1. Indigo Advisory Group (https://www.indigoadvisorygroup.com/blog/grid-tech-the-decade-of-deployment).
2. US Department of Energy (https://www.energy.gov/oe/articles/arra-grid-modernization-investment-highlights-fact-sheet).

Organisational maturity

A challenge for IQGeo in 2023 and beyond will be to evolve and mature our own organisational structures and processes to successfully manage the increase in the volume and diversity of our customers.

While it is exciting to announce new projects with tier 1 telecom or utility operators, we also recognise that these customers bring an increased expectation for service levels and customer support. As part of our growth strategy we have been working across the entire organisation to up-scale our skills, processes and tools to create a truly world-class delivery and service capability.

In 2022 we significantly expanded our delivery and service team and upgraded our software tools to optimise our processes and adapt industry best practices. This included hiring a new Senior Vice President of Delivery who came to us with extensive experience in building a scalable global delivery strategy.

While IQGeo already has a strong working relationship with our existing customers with a 108% net retention for recurring revenue in 2022, looking ahead to 2023, we are not complacent about this success given the strategic importance of recurring revenue to our business model. The challenge of scaling up our business touches on virtually every department and individual across the organisation and we are investing in the talent, technology and processes we need to ensure our future success and secure predictable recurring revenue with our growing customer base.

Product development

In 2022 I was particularly proud of what our Engineering and Product Management team have achieved with our product development. Major new releases of our strategic Network Manager products, and the acquisition and integration of the Comsof automated planning software, have given our sales team the innovative software they need to execute our "land and expand" sales model to secure new business and lay the foundation for long-term recurring subscription revenue.

Net-zero Journey

Something I'd like to call special attention to is our progress in positively impacting the environment. In both our core markets, the new generation networks we help our customers build have significantly lower power requirements which means they emit less carbon than the networks they replace. We take great pride knowing that our software solutions result in a direct impact on the reduction of global CO_2 emissions.

Additionally, as a business, we monitor, mitigate and offset 100% of the carbon footprint of our own operations, thereby supporting the world's net-zero emission journey.

Summary

The success that the IQGeo team achieved in 2022 continues to validate our core strategy, our sales model, and our software technology strategy going forward into 2023. Our 92% increase in revenue is evidence of the investment being made in network infrastructure by the telecom and utility industries and our ability to respond with innovative software solutions.

The broadband industry is in a race to rollout new fibre and capture market share for the valuation of their business, and the electric utility industry is ramping up their grid modernisation initiatives to meet essential decarbonisation targets. We have established an impressive customer base and proven track record and I believe that we are uniquely positioned to further capitalise on the investments being made by our customers and prospects.

Our success in 2022 has given us a renewed confidence to continue our focus on core business growth and product innovation. We are operating in strong telecom and utility markets that we believe will continue to invest in new technology for the long term. Through strategic acquisitions and in-house development we have created a singular suite of award-winning software technology that is mission critical for our customers as they pursue their business and regulatory goals.

In short, IQGeo is in the right place, at the right time, with the right solutions, and we are confident that we will continue to build market momentum in 2023 and beyond.

Richard Petti
Chief Executive Officer

24 March 2023

Chief Executive Officer's statement continued

Innovation achievement

In recognition of our product and business innovation, IQGeo received the following awards in 2022.

International Trade Champion

IQGeo was honoured with the "International Trade Champion" award by Cambridge business and technology publication, BusinessWeekly. This accolade recognises the significant number of new customers we have established outside of the UK over the previous year, as well as our OSPInsight and Comsof acquisitions that contributed to the global growth of the Company.

Cambridge Independent Science and Technology Awards

In 2022 IQGeo was shortlisted for the "Technology Company of the Year" for the Cambridge Independent Science and Technology Awards. These awards are sponsored by the Cambridge Independent magazine and include an impressive field of technology and science companies that define the world-renowned Cambridge technology cluster.

Leader and innovator in Broadband Communities top 100 list

"Building a Fiber-Connected World" is the tagline of Broadband Communities magazine. Each year, the Fiber-To-The-Home Top 100 list recognises organisations that lead the way in this endeavour. IQGeo was added to this prestigious telecom industry list in 2022.

BTR award for Network Revenue Optimizer

IQGeo's Network Revenue Optimizer software product was recognised among the best in the industry by the 2022 Broadband Technology Report's Diamond Technology Reviews.

Handing out awards to customers at the Customer Innovation Awards

Market segmentation

Target prospects:

Enterprise

Telecom network operators

International and large regional legacy and fibre network operators

- Legacy telecom operators
- Commercial ISPs
- Broadband providers

Electrical network operators

National and large regional network operators

- Transmission operators
- Distribution operators

Gas & water network operators

National and large regional network operators

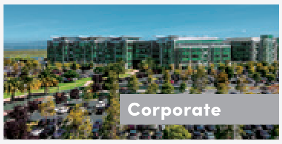
- Transmission operators
- Distribution operators

SMB – Small to Medium Business

Telecom network operators

Regional and private fibre network operators

- Regional ISPs
- Municipalities
- Government networks
- Transportation authorities
- University campuses
- Industrial facilities
- Corporate campuses



The capabilities and IQGeo product suite allow us to target prospects ranging from very large tier 1 operators to much smaller tier 4 network operators.

The matrix below provides a general overview of how our Enterprise and SMB solutions address these different market segments.

Company tiers	Telecom customers[1]	Gas & water customers[1]	Electric network customers[1]
Tier 1	>2 million	>5 million	>5 million
Tier 2	100,000–2 million	2.5 million–5 million	2.5 million–5 million
Tier 3	10,000–100,000	500,000–2.5 million	500,000–2.5 million
Tier 4	Private networks	<500,000	<500,000

1. The transmission and wholesale markets are typically segmented by miles of network rather than number of customers.

Enterprise market segments

SMB market segments

Market opportunity

IQGeo's commercial opportunities are growing through both market expansion and technology development.

The broadband and electric utility industries are receiving major investment streams through governmental programmes and private initiatives. These are driven by the business and social need for universal broadband and decarbonisation objectives that demand a flexible distributed electric grid. In addition, IQGeo has significantly expanded the potential footprint for our technology within our customer base and with new prospects through the release of our latest-generation network management products and the acquisition of Comsof.

The Comsof software allows us to support the initial planning and design phase of the network lifecycle with the industry's leading automated planning capability, and Network Manager is now being deployed as a highly strategic network digital twin that supports the entire operational lifecycle. This two-speed expansion will create a greater number of project opportunities and IQGeo has significantly expanded the potential footprint of our software within each customer.

Market drivers

Demand for broadband

Broadband network operators are in a race to capture lucrative market share by deploying fibre connectivity to homes and businesses around the world. Funded through private capital and government initiatives, these organisations are making significant technology investments to optimise fibre rollout and long-term network management, and the IQGeo software is a pivotal component to their business success.

IQGeo opportunity

- Accelerate planning and design
- Streamline construction processes
- Improve network data quality
- Create a digital twin for the network lifecycle

Network modernisation

As the world transitions away from fossil fuels to a renewable energy economy, the electricity grid grows ever-more complex with a new architecture that includes distributed energy generation, battery storage and electric vehicles. This massive grid redesign demands the flexible and agile network design and maintenance capabilities offered by IQGeo's optimised grid management software.

IQGeo opportunity

- Optimise changing network models
- Integrate critical data streams
- Capture network realities in the field
- Create a digital twin for the network lifecycle

Decarbonisation and climate change

Business best practice and government regulations increasingly mandate net-zero electricity grids that must be more resilient than ever before to withstand the growing number of severe weather incidents as a result of our changing climate. These stark realities require innovative thinking, new technology and streamlined processes. Next-generation IQGeo solutions are displacing legacy GIS software to help network operators meet these new challenges.

IQGeo opportunity

- Identify decarbonisation opportunities
- Design and deploy low carbon technology
- Reduce field service inefficiencies
- Improve network resilience and reliability

Target markets

Electric utility grid modernisation

Recognised globally as critical national infrastructure, electric utility operators are traditionally conservative and heavily regulated to ensure service levels and safety standards. These organisations now face a more complex and competitive business environment that is driven by distributed energy generation and net-zero targets. Their ageing grid infrastructure and business models are under pressure and must evolve quickly to keep pace or risk being outmanoeuvred by more innovative new competitors. IQGeo's Network Manager Electric provides a flexible, comprehensive solution that supports the modernisation of their grid and business models.

IQGeo opportunity

- Replace ageing IT and GIS technology
- Improve network asset visibility
- Optimise operational processes
- Enable grid modernisation

Broadband fibre network rollout

Enterprise telecom

Broadband operators are quickly rolling out fibre networks to establish market share and increase corporate value. Organic and acquisition growth brings technology debt and process inefficiency that must be mitigated to remain agile and competitive. The ability of Network Manager Telecom to support the entire operational lifecycle with a single shared network digital twin, gives operators the scalability and competitive advantage they need to win the fibre deployment race.

IQGeo opportunity

- Consolidate and integrate applications
- Provide enterprise customisation and scalability
- Optimise processes to improve competitiveness
- Support the long-term network lifecycle

SMB fibre operators

Regional ISPs, municipalities, universities and corporations often start by trying to manage their fibre networks with spreadsheets, CAD drawings and free GIS software. However, as they grow, this tactical disjointed approach quickly becomes unworkable.

Without a structured System of Record (SoR) to document their network, planning and management tasks grow ever-more chaotic. IQGeo's OSPInsight software delivers an easy-to-use solution that can be configured and deployed in days so valuable fibre network assets can be professionally managed to achieve their full potential.

IQGeo opportunity

- Document the fibre network
- Improve network data quality
- Reduce IT and management overheads
- Maximise the potential of the fibre network

Our business model

IQGeo expanded our already successful recurring software subscription revenue model with growth of 84% and an Exit ARR of £15.1 million.

Land and expand

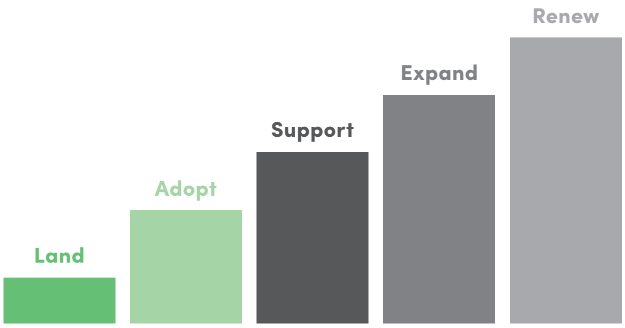
2022 was another positive year for IQGeo's "land and expand" software sales strategy. Given the complex nature of many of our prospect engagements, we often focus on well-defined project objectives with a controlled scope. Reducing project complexity, particularly with new customers, helps to ensure that the deals can be successfully "landed" and it creates opportunities for future "expansion" once initial successful deployments have been established.

With the latest release of our Network Manager products and the acquisition of Comsof in 2022, we have also significantly increased our expansion potential with new product capabilities and broader network lifecycle applications.

- Accelerate time to revenue
- Streamline operational processes
- Reduce IT total cost of ownership
- Comply with regulatory requirements
- Support the entire network lifecycle

How we attract and retain customers

Customer growth model



New customers

Land – Attract new customers through multi-channel digital campaigns and referrals from existing customers.

Adopt – New customers adopt the IQGeo software in initial project deployments with a software subscription.

Existing customers

Support – IQGeo supports the customer with project-based services and an annual software support contract.

Expand – Customers expand the number of users and launch new projects that require additional services and new software applications.

Renew – The strategic nature of our software results in very low customer churn and high levels of software subscription renewals.

Our vision and purpose

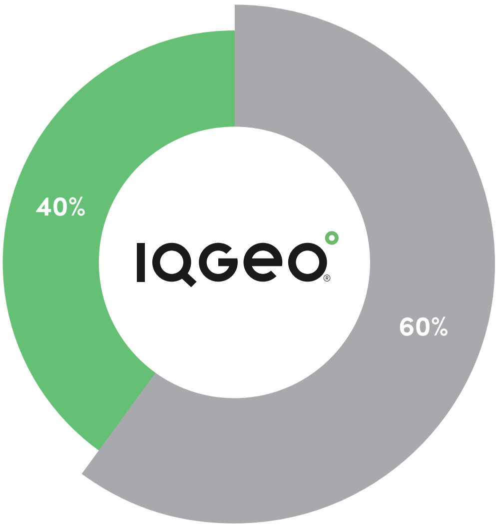
Our vision

To create better networks that improve the communication connectivity, energy security and service reliability for communities around the world.

We anticipate further growth in our ARR in 2023 to deliver a consistent and predictable long-term revenue stream.

How we generate revenue

Revenue generation model



- Recurring revenue – 40%
- Non-recurring revenue – 60%

1. Recurring software revenue ARR (£10.6m)
2. Non-recurring services revenue (£11.5m)
3. Non-recurring software revenue (£4.5m)

Value created

Business

41%+
growth in customer base

450+
telecom and utility customers

New in 2022

64
new customers in 2022 plus 88 acquired, totalling 152

1.2
new customers a week

Employees

+42.5%
Net Promoter Score – Employee willingness to recommend IQGeo as an employer (+25%-100% is classified as “Highly Engaged”)

4.43/5
"I am secure in my job and confident with my career ambition"

4.24/5
"I am very satisfied to be working at IQGeo"

See more about our ESG value creation on pages 28 to 34

Our purpose

To help our customers achieve their ambitious broadband network expansion, electric grid modernisation, and decarbonisation objectives.

Our strategy

In order to consistently direct our resources and measure the ongoing success of the business, IQGeo remains focused on tracking our progress against three top-line business goals that were initially established in January of 2019 when we rebranded the Company as IQGeo.

Goal 1
Global growth

Progress during the year

Sales revenue and market share growth met our ambitious targets in 2022 across our key geographic regions of North America, Europe and Japan. Business momentum continues to build as we close projects with larger tier 1 and tier 2 (Enterprise) operators and establish a growing customer base with smaller tier 3 and tier 4 (SMB) fibre network and electricity grid operators.

Our future goals

2023 brings a renewed focus on building our market presence in the EMEA region. The Comsof acquisition brings a substantial EMEA customer base to IQGeo and creates immediate product up-sell opportunities that we will seek to exploit with the existing Comsof customers. In late 2022 we also put in place dedicated resources to further develop our partner programme to accelerate expansion in Southeast Asia, Eastern Europe and the Middle East.

64 new customers in 2022

Read more in Market Opportunity on pages 18 and 19

Goal 2
Recurring revenue

Progress during the year

Our recurring software revenue stream is very well established and continues to show substantial growth. Increased recurring revenue has grown through expansion deals with existing customers and new sales. Our sales methodology and product development priorities are working well together to support our "land and expand" business strategy.

Our future goals

The Comsof acquisition creates the opportunity for new recurring revenue in the North American market where we have a well-established IQGeo fibre network operator customer base. In 2023 we will be working to expand the footprint of our software in these existing accounts by upselling the Comsof software to provide the industry's leading automated fibre planning capabilities.

84% growth in recurring revenue

Read more in Our Business Model on pages 20 and 21

We continue to record steady growth against these goals and in 2022 we achieved a number of notable business milestones and we have a clear vision for achieving success in 2023 and beyond.

Goal 3
Product innovation

Progress during the year
In 2022 we successfully launched major new releases of our Network Manager Telecom and Network Manager Electric software products. These innovative products provide the optimised network digital twin technology that forms the foundation for our broader lifecycle solutions which have been well received by the market. Initial deployments of these products with key lighthouse customers are now in place and are being referenced for future enhancements and new business.

Our future goals
Driven by customer requirements, our Product Management Group and Engineering teams have documented a clear product roadmap for 2023 that includes a project to provide full integration with the Comsof software and further extensions to our core fibre and electric product lines. The objective is to make our innovative fibre network and electric grid solutions an indispensable part of our customers' technology and business strategy.

Seven IQGeo Customer Innovation Awards
Read more in the Chief Executive Officer's statement and Case Study on pages 16, 26 and 27

IQGeo presenting at the Denver Meetup

Case study

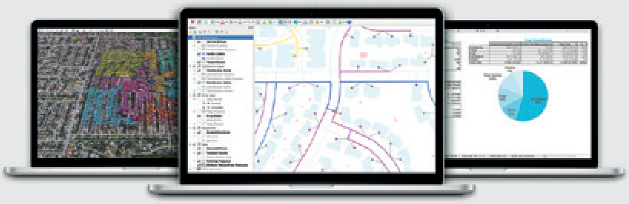
Comsof acquisition

Goal 1
Global growth

The Comsof acquisition in 2022 represents another major milestone for the growth of the IQGeo business. Their automated fibre network planning software allows broadband operators to quickly provide estimates, high-level designs and low-level designs for large-scale fibre rollouts. Optimising fibre network designs and estimating costs was traditionally a manual process that could take months and require thousands of hours of costly engineering time. The Comsof software allows operators to customise their own design rules and automate the fibre planning, design and cost estimation process, saving valuable engineering resource, reducing project costs and accelerating time-to-revenue.

The Comsof software is highly complementary to the existing IQGeo product suite, adding extensive new capabilities to the planning and design phases of our network lifecycle solution strategy. Even before the acquisition, the value of the Comsof software to IQGeo was already demonstrated through several joint projects where we worked together to deliver a combined solution to a shared customer. With virtually no overlap to the existing IQGeo solutions, the addition of the Comsof technology significantly strengthens IQGeo's lifecycle solution story and supports our strategic goals of global growth, recurring revenue and technology innovation.

COMSOF
An IQGeo business



www.comsof.com

1. Global growth

As a European company, Comsof has a well-established customer base and partner network across the EMEA region and their HQ in Ghent, Belgium is staffed with a proven team of engineering, sales and customer support professionals that know the telecom and utility industries.

With such a strong European presence, the Ghent office has become IQGeo's EMEA sales and support centre of excellence and the former CEO of Comsof, Raf Meersman, is heading up this operation as IQGeo's EMEA Managing Director. With an excellent industry reputation, the team is selling our full lifecycle solution suite to new prospects and expanding the use of IQGeo products to existing Comsof customers as part of our "land and expand" sales strategy.

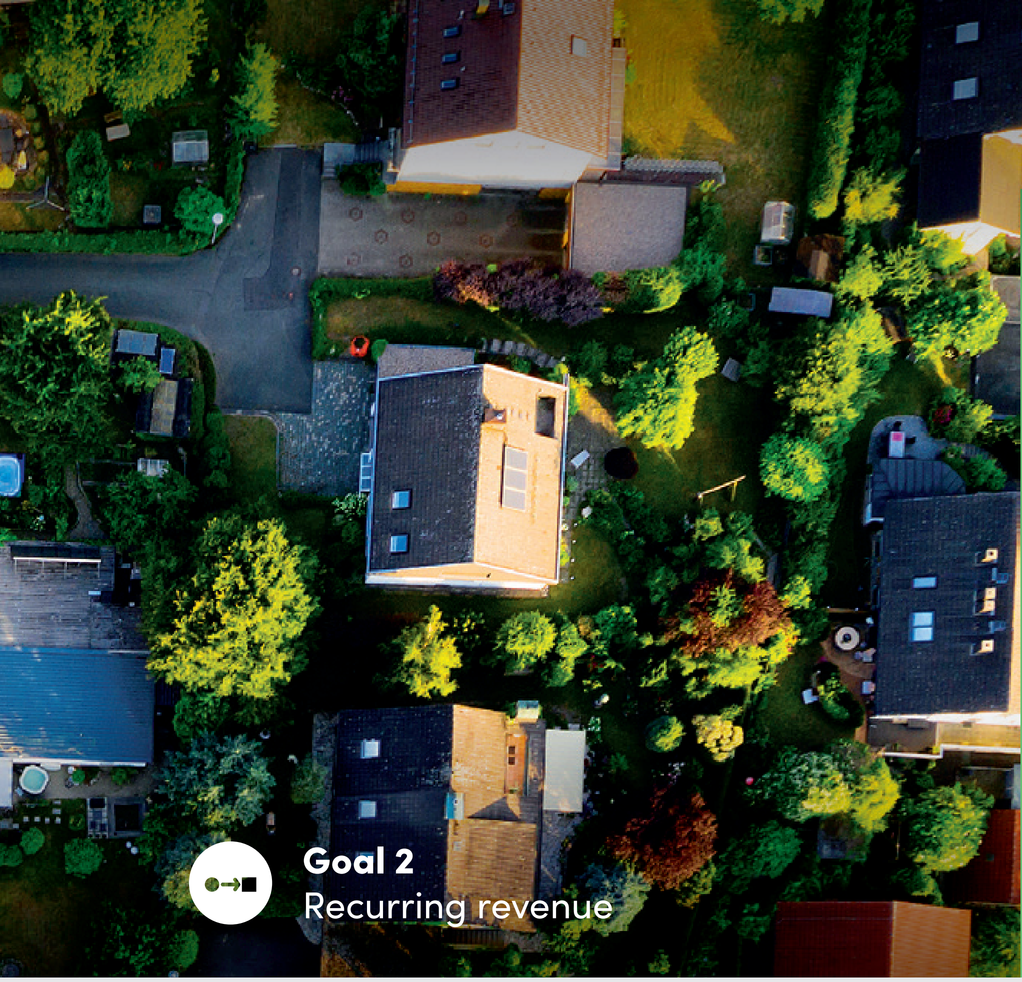
2. Recurring revenue

The Comsof automated planning software is a natural fit to the planning and design phases of IQGeo's lifecycle solution strategy. Where we may have partnered with a third-party technology provider in the past to support this important phase of the lifecycle, we can now offer this capability directly. The acquisition allows us to sell high-value network planning and design software at higher margins, secure long-term recurring revenue, and expand the penetration of IQGeo software within existing accounts.

Our ability to help customers support the lifecycle of their telecom and utility networks is a compelling value proposition and the addition of the Comsof software to our product portfolio strengthens IQGeo's standing as an industry leader that delivers world-class solutions.

3. Technology innovation

Over more than 20 years, the Comsof technology has established a leadership position for innovative automated fibre and utility planning and design solutions. The development of automated planning software requires a strong team of mathematical and analytical experts that bring a new and valuable skillset to IQGeo.



Goal 2
Recurring revenue

> The acquisition of Comsof in August brought with it a market-leading design engine, a strong presence in Europe and some of the industry's most well regarded experts.
>
> **Paul Taylor**
> Chair

While the initial market focus will be on the Comsof Fiber Planning software, they also have solutions for electrical meter planning, district heating and smart cities. These developing technologies provide IQGeo with future opportunities to expand our Network Manager Electric solution and invest in related utility markets.

4. Talent acquisition

In addition to supporting our three strategic business goals, the acquisition of Comsof brings a team of highly talented technical, sales and customer success professionals to IQGeo. Their expert skills will help scale our business and provide new mathematical and analytical capabilities to create exciting product development possibilities for the future.

The cultures of Comsof and IQGeo are also very similar, with both having technology roots in the academic world and evolved from engineering-led to sales-led organisations. This shared cultural, business and technical perspective has streamlined the integration of the two organisations and by the end of 2022 the Comsof products and people were a key part of IQGeo's Enterprise software strategy.

Raf Meersman, former CEO of Comsof is now IQGeo's General Manager, EMEA

Locations

Comsof Fiber

Comsof Heat

Comsof Smart Grids

Case study

IQGeo Customer Innovation Awards

Goal 3
Product innovation

IQGeo announces 2022 Global Customer Innovation Awards for AT&T, Brightspeed, City of Olathe, Congruex, Crown Castle, NESIC, Sho-Me and WAPA

Presented at IQGeo's Global Meetup in Denver, the seven winners included new and long-standing customers using IQGeo's enterprise network management software, OSPInsight network operations software, and Comsof automated fibre planning software. The winners were selected for their outstanding innovation on projects in the telecommunication, fibre network and utility industries and the contribution these projects have made to the transformation of their network and business.

Winner: AT&T (Dallas, TX, USA)
Transforming the planning and design process

As part of its digital transformation vision, AT&T is going beyond legacy systems and embracing new tools that modernise and flexibly manage their networks. They are partnering with IQGeo to develop automated planning tools to support their ambitious fibre network rollout objectives. By automating both high-level and low-level designs, AT&T is accelerating the transition from design to construction, significantly shortening their time to market, and maintaining its competitive advantage. The AT&T team are creating a single shared network view that integrates key applications and builds a strong technology foundation for future growth.

Winner: Brightspeed (Charlotte, NC, USA)
Organisation-wide lifecycle automation

Brightspeed is the fifth largest ILEC in the USA and are working with IQGeo to implement an automated solution across the entire network lifecycle that is continually expanding in scope. Now Brightspeed uses the IQGeo software to not only manage every stage of their network, but also to integrate and automate every process flow across the organisation. They have saved significant money by automating the design process, have given every team a single geospatial view of the network, and have increased productivity to bring new networks to market weeks faster than previously.

Winner: City of Olathe (Olathe, KS, USA)
Open-API efficiency

Utilising the OSPInsight "integration button" to post structure data to their database, the City of Olathe has bypassed the usual inefficient "swivel chair" data entry methods. Their team uses the Open-API feature to quickly and accurately add OSPInsight data objects from other GIS data sources. This method is an efficient time-saver even for a short list of entries that need to be added to their system of record. The result is elimination of duplicate effort, greater data integrity and accelerated project timetables.

Winner: Congruex (Boulder, CO, USA)
Product mode deployment

Congruex was one of the first US-based construction and engineering firms to implement Comsof Fiber's new Product Modes after they launched earlier this year. The different Product Modes enable users to rapidly create high-value planning deliverables. This includes high-level designs for bidding and estimating activities, to more detailed designs with fibre-level connectivity for network builds. The Congruex team has leveraged these capabilities to accelerate their planning process, supporting corporate growth targets, and helping to maintain their competitive position as an industry leader in OSP construction and engineering.

> This year we have another impressive list of innovation projects and choosing our annual winners has been challenging due to the number of strong submissions.
>
> **Richard Petti**
> Chief Executive Officer

Winner: Crown Castle (Denver, CO, USA)
Fibre network data quality

Crown Castle has not only implemented internal processes to ensure their data is absolutely reliable, they've used this drive for perfection to guide and implement powerful new OSPInsight software features. Their most significant innovations are focused on Save Route Auditing and implementing a detailed Splice History for their fibre network. With over 400 users actively editing their network database, the enthusiastic deployment of new capabilities has enabled teams across the company to create a current and accurate network model that is fundamental to the long-term success of the business.

Winner: NESIC (Tokyo, Japan)
Accelerated 5G base station planning and construction

NESIC uses the IQGeo software to optimise the location of 5G base stations in extremely dense locations across central Tokyo. A combined solution with satellite images, AI and IQGeo, the NESIC team can carefully analyse and select the best possible sites early in the planning process. This has enabled them to cut field walkout overheads by as much as 30%, reducing truck rolls and accelerating the planning and construction process.

Winner: Sho-Me Electric Power Cooperative (Marshfield, MO, USA)
Advanced vegetation management

The Sho-Me team worked with IQGeo and Overstory AI to create an innovative transmission vegetation management application. Sho-Me can now manage assignments, work progress and the near real-time status of all field vegetation activities. By combining fieldwork (e.g. spraying) and inspections (e.g. fast-growing or dangerous vegetation), Sho-Me is achieving a transition from a traditional time-based cyclical vegetation programme to a more focused, surgical approach that delivers better results and makes more efficient use of expensive vegetation equipment.

Winner: Western Area Power Administration (Lakewood, CO, USA)
Electric transmission line inspection

WAPA provides electrical power to 15 western US states across 17,000 miles of high-voltage transmission lines. Together with IQGeo they have created a fully digitised process for ground and helicopter aerial transmission line inspections. They have integrated the new inspection system with their legacy GIS and Maximo workforce management to dramatically streamline their field and office-based inspection activities. Key to their success was the easy-to-use interface that was quickly adopted by field crews negotiating remote locations. Supporting online and fully offline inspection processes they are well positioned to meet rigorous Department of Energy inspection requirements and deadlines.

Environmental, social and governance

Our materiality matrix

IQGeo materiality matrix

The IQGeo materiality matrix was identified and defined through consultation with our key stakeholders and was reviewed and approved by the executive management team and the IQGeo Board. In the spirit of continual business improvement, these issues reflect the needs and priorities of our people, communities, technology and environmental impact.

People and community
People are at the heart of our success

1. Professional training & career development
2. Personal health & wellbeing
3. Community engagement
4. Equality & diversity
5. Culture, ethics & compliance
6. Privacy & data security

Technology impact
Innovation for business success

7. Competitive advantage
8. Network transformation & resilience
9. Decarbonisation & sustainability
10. Regulatory compliance & safety
11. Customer satisfaction

Environmental footprint
Developing a net-zero strategy

12. Sustainability & carbon footprint
13. Employee environmental education and engagement
14. Employee carbon mitigation programme
15. Corporate carbon offset programme

There have been no changes from 2021.

People and community

Working environment

In 2022, we saw staff adapt to a full hybrid working model. This model has seen our colleagues working together in the office for two to three days a week, encouraging and strengthening business and personal relationships. Continuing to adapt to life post-pandemic, we have also recruited colleagues that are working 100% remotely, which has enabled us to retain valuable, highly skilled talent that is not restricted to our geographic office-based locations.

In 2022, we received our ISO 27001 certification which demonstrates our investment in people, processes and technology (tools and systems) to protect our data and customers. In 2023, our certification will be audited and renewed to demonstrate our continued investment.

Employee engagement

Our **hybrid and remote working** models require extra effort in reaching out to employees to listen to their needs and concerns. In addition to continuing our annual employee satisfaction survey, in 2023 we are instituting a series of "pulse surveys". These are typically short surveys on specific topics designed to capture employee sentiment and input.

Recognising the importance of building strong teams, we have continued monthly **all-hands meetings** to brief colleagues on our business strategy and provide departmental priority updates. We have also increased the overall level of email and virtual meeting communications to ensure that employees are kept informed on important operational issues.

In response to our growing number of employees, in 2023 we will also be investing more in our internal communication strategy and will be developing an internal employee portal. This SharePoint-based environment should provide employees with a one-stop shop for Company and department specific news and content.

Employee appraisals, reviews and goal setting continue to be a high priority and with the implementation of our new HR Information System (HRIS), this process has been made easier and more effective in setting and monitoring goals, objectives and career development targets.

Led by Human Resources and managers, a programme of **Stay Interviews** began in 2022 as an effort to connect with staff and keep engaged in all aspects of their work. These one-on-one interviews explore career development, performance, benefits, teamwork, collaboration and other functional areas. These have already proved valuable as the sessions have uncovered problems that were addressed early, and directly led to staff retention and organisational adjustments.

Professional development

In 2022, we created pilot mentorship and internship/graduate programmes. With a history of **graduate placements** in our Belgium office, we expanded with our first Denver-based intern in the summer of 2022. The intern worked successfully with more experienced members of the team, while completing their degree programme. We have since offered this person a role as a permanent member of the Engineering team starting in 2023.

Our **mentorship** programme has been successful since its introduction in 2022. We have seen new joiners feel more supported and more involved with IQGeo as a whole by being partnered with an experienced colleague and having someone on hand to provide advice and guidance. Our mentors have also enjoyed being part of the programme and sharing their skills and knowledge with new members of the team and colleagues within different departments.

The Comsof organisation ran its own successful graduate programme for some time; in 2023 we will be working to incorporate both of the graduate and internship programmes across our operating locations.

In 2023, we will also be working to continue with **internal training** and development. We completed a "Managers 101" training session in September 2022, which was open to all staff, and will be holding another internal training session in March 2023, with more professional development training opportunities to follow.

Delegate reception at IQGeo Meetup in Cambridge

Environmental, social and governance continued

People and community continued

Personal support

As an enhancement to our benefit package, we have **expanded our maternity policy** to support new mothers and their families. This includes additional compensation to support growing families, and keeping-in-touch days to enable a smooth transition back to the office. Such enrichment further helps attract and retain talent with better-than-average benefit packages.

We have also completed the release of an updated **Employee Assistance Programme** which offers all employees free health, legal, financial and relationship support services in each respective country where our staff work.

A fun initiative from our Belgium office that builds a more personal connection to staff is a staff-led **Book Club**. Conducted virtually with growing participation, we are seeing more colleagues in other offices join and this may inspire additional such opportunities for office and remote staff to stay connected.

Corporate social responsibility

IQGeo actively encourages employee engagement with both local and global charities of their choice by providing an annual **paid charity day** that they can take off each year. We also invite UK employees to participate in a monthly charitable giving programme that provides tax relief for both the employee and their selected charities.

During 2022, we led Company-wide **charity initiatives**, including a matching donation campaign to the Red Cross for Ukraine relief, plus a charity challenge introduced in Q4 to support a specific charity chosen by the staff. This effort encouraged employees to share photos and introduce themselves to their new colleagues, which was extremely successful.

In 2022, we reached **Carbon Neutral status** and we have taken part in carbon offsetting initiatives and have planted three trees for each employee at IQGeo.

Annual employee satisfaction survey results

The eNPS score is an indicator of employee engagement. The question "How likely are you to recommend IQGeo as a place to work to a friend or past colleague?" scores responses on a scale from 1 to 10. Scores of 9 and 10 are "promoters", 7 and 8 are neutral, and below 7 are "detractors". The calculation subtracts detractors from promoters to score in a range of -100 to +100, where positive scores are "good" and scores over 40% are deemed "excellent" at reflecting employee engagement and job satisfaction.

1. **Employee NPS (eNPS)**
   +42.5% (up from +37% in 2021)
   Employee net promoter score – employee willingness to recommend IQGeo as an employer (+25%-100% is classified as "Highly Engaged")

2. **Job security and career ambition**
   4.43/5 up from 4.15/5 (2021)
   "I am secure in my job and confident with my career ambition"

3. **Job satisfaction**
   4.24/5 up from 4.15/5 (2021)
   "I am very satisfied to be working at IQGeo"


IQGeo and Comsof at Connected Britain 2022


IQGeo team in Denver office

Technology impact

As global concerns over climate change grow and organisations are facing the consequences of increasingly severe storms and natural disasters, our customers that operate electrical utility and telecom networks are developing net-zero carbon initiatives. Driven by new government regulations, corporate priorities and pressure from their own customers for greener services, these organisations are developing sustainability strategies.

The IQGeo network management software plays a key role in supporting these important initiatives. Our innovative software solutions give operators a much enhanced view and greater control over their physical network assets, enabling the ability to quickly and easily model new assets that are essential for electric grid modernisation and fibre network rollout and management. By contrast, we have seen how the use of older legacy software can actually impede organisations from making the digital transformation essential to meet reduced carbon emissions.

In addition to helping our customers plan, construct and maintain the networks of the future, we are also helping mitigate the impact of severe weather and natural disasters that can disrupt services to power and communication critical national infrastructure. Our geospatial software platform helps our customers create disaster assessment and response solutions around the world. These "incident dashboards" provide organisations with a near real-time view of the status of their network assets together with critical data streams such as weather conditions and the location of field crews. This gives them the situational awareness they need to plan safe and targeted response strategies to reduce network downtime and improve community safety.

Network Manager Gas

IQGeo team in Toyko office

IQGeo at Fiber Connect 2022

Environmental, social and governance continued

Environmental footprint

Carbon Neutral Organisation

With greenhouse gas (GHG) emissions the driving factor behind climate change, IQGeo remains committed to measuring, mitigating and offsetting the carbon footprint for our business. In 2022 we again teamed up with the UK-based experts at Carbon Footprint (www.carbonfootprint.com) to formally assess the GHG emissions of the Company.

Results and analysis

Using a well-documented assessment methodology in accordance with Part 1 of ISO 14064: 2018, Carbon Footprint calculated IQGeo's carbon emissions for 2022. The analysis includes not only the statistics for all the IQGeo offices and employees, it also includes the carbon footprint for emissions associated with the offices and individuals that were part of the Comsof acquisition. In accordance with industry best practices, we have included the Comsof business carbon emissions for the full year of 2022, even though Comsof was acquired in August 2022.

The profile of IQGeo's 2022 footprint shows a predicted increase in overall carbon emissions when compared to our baseline year of 2019. This increase was driven by organic growth in employee numbers, growth in employees and office locations due to the Comsof acquisition, and a return to more typical travel patterns post Covid-19.

While the overall GHG emissions has shown growth due to the expansion of the business and increased number of employees, the emissions per employee actually reflects a reduction from 4.61 per employee in 2019 to 3.34 in 2022 (tonnes of CO_2e for average headcount over the year). Refer to the "Carbon emissions per employee graph" for more details.

Important note: In keeping with evolving carbon emission best practice reporting standards, our 2022 emissions analysis introduced several new reporting categories. This additional granularity in reporting resulted in a larger than normal increase in our total 2022 emission numbers. In 2023 we will be working to recalibrate our earlier reporting to meet this higher level of scrutiny.

IQGeo's carbon neutral status

With the results and analysis of IQGeo's GHG emissions fully documented, it is our goal to reduce and offset the Company's carbon emissions. In 2023 we will continue to build upon our carbon mitigation best practice programme and educate employees on the reduction of their professional and personal carbon emissions.

With guidance from reporting partner Carbon Footprint, we have fully offset our 2021 and 2022 carbon emissions using only Gold Standard or Verified Carbon Standard programmes that comply with the stringent requirements from the Quality Assurance Standard (QAS) for Carbon Offsetting. As a result, IQGeo has received Carbon Neutral Organization status for our 2022 financial reporting period and we plan to continue these programmes going forward.

Please contact IQGeo if you would like to request a full copy of our Carbon Footprint Appraisal.

01 Measure

02 Aim

03 Reduce

04 Offset

05 Communicate

06 Comply


IQGeo team in Denver office

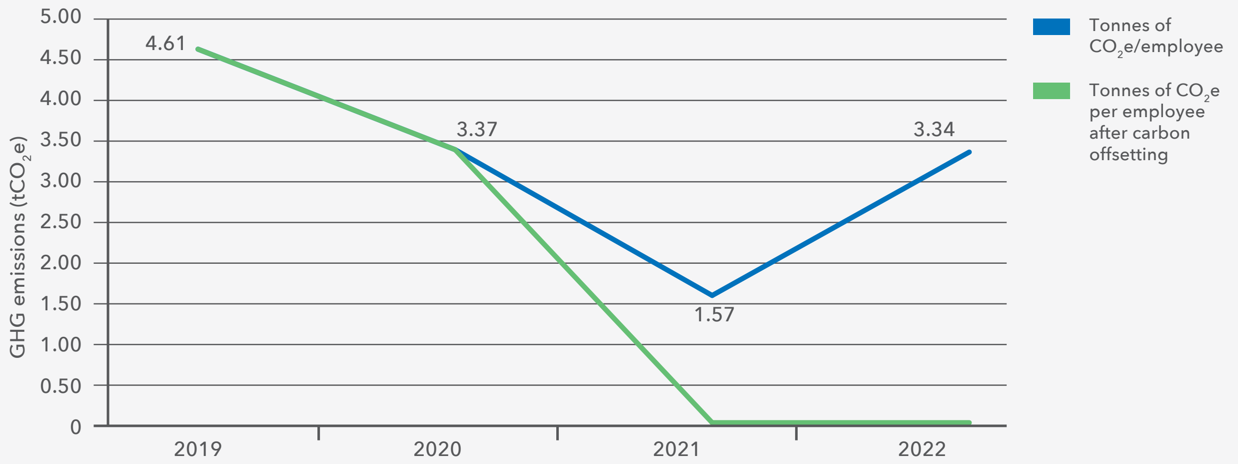
IQGeo team in Cambridge office

IQGeo carbon footprint summary

Tonnes of CO_2e for footprint ending in December of calculation period:

Element	2019	2020	2021	**2022**	% change on baseline year (2019)	% change on previous year
Flights	227.48	113.95	26.68	**143.76**	(36.8)	438.9
Site electricity (location-based)	81.66	75.80	71.44	**107.02**	31.1	49.8
Home-workers	14.15	31.24	54.84	**77.60**	448.5	41.5
Company car travel	—	—	—	**49.27**	—	—
Well to tank (location-based)	—	—	—	**49.61**	—	—
Hotel stays	—	—	—	**9.07**	—	—
Hire cars	5.64	0.63	0.23	**4.89**	(13.4)	2,039.3
Rail travel	1.42	0.34	0.15	**3.55**	149.4	2,335.8
Cash opt out car travel	3.10	3.05	3.01	**2.79**	(10.1)	(7.2)
Taxi travel	7.63	4.29	1.87	**2.31**	(69.7)	24.0
Bus travel	—	—	—	**0.48**	—	—
Total tonnes of CO_2e (location-based)	341.08	229.30	158.20	**450.36**	32.0	184.7
Headcount	4.67	3.32	1.61	**2.50**	(46.5)	55.0
Average FTE	4.61	3.37	1.57	**3.34**	(27.6)	113.0

Carbon emmissions per employee and carbon offsetting



Measured in tonnes of CO_2 emissions per average number of employees.

IQGeo team in Denver office

IQGeo team in Cambridge office

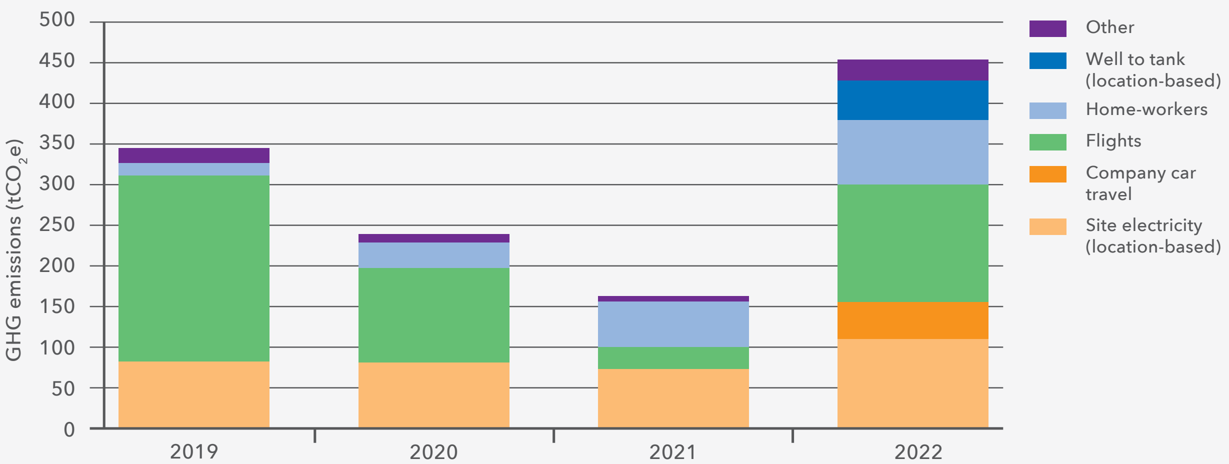
Environmental, social and governance continued

Environmental footprint continued

Planting trees for a greener future

Following the completion of IQGeo's corporate carbon footprint analysis and offsetting for 2022, the company elected to continue its support for a tree planting programme in the UK. This year we are planting two trees for every IQGeo employee as part of a project managed by UK Tree Planting. Verified by Carbon Footprint Ltd., the project is planting thousands of trees at schools and biodiversity sites across the UK. Tree planting is a great way to sequester carbon emission for the future by absorbing carbon dioxide and produce oxygen, while improving the quality of the natural environment.

Total GHG emissions



Detailed emissions comparison for the various aspects of IQGeo's emissions.

Section 172 statement

"We continue in our commitment to good corporate governance by maintaining and applying the QCA Corporate Governance Code.

Paul Taylor
Chair

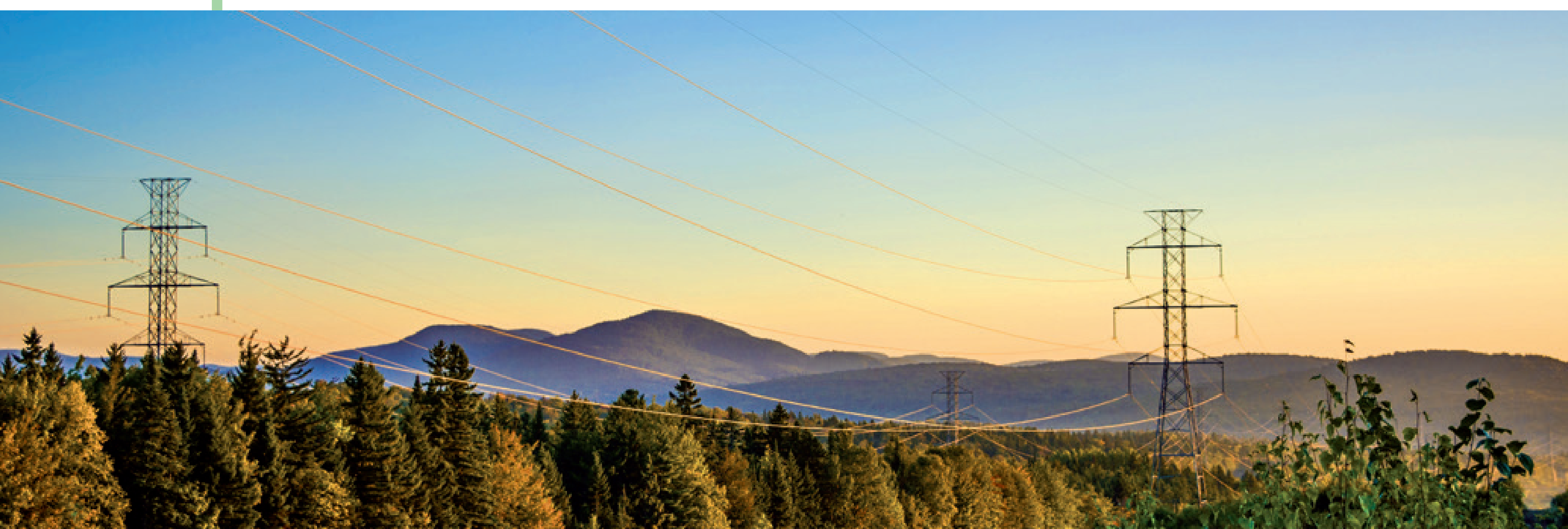
Section 172 statement

As required by Section 172 of the UK's Companies Act, a director of a company must act in a way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders.

In doing this, the director must have regard, amongst other matters, to the following issues:

- Likely consequences of any decisions in the long term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and others
- Impact of the company's operations on the community and environment
- The company's reputation for high standards of business conduct
- Need to act fairly between members of the company

Engagement with stakeholders and consideration of their respective interests in the Company's decision-making process took place during the year as described on pages 36 and 37.



Our stakeholders

As the organisation grows in size and scope across an expanding geography, it is increasingly important to have professional communication channels in place for our key stakeholders. We are increasing both the quality and quantity of communication to our shareholders and have assigned specific internal communication resources to engage with our employees around the world. We host customer Meetup events in North America, EMEA, and Japan, conduct frequent product update webinars, and in 2022 launched a Customer Advisory Board to collect candid input on our products and services. We also stepped up our corporate and employee charitable activities to engage with our local communities and contribute to global disaster response initiatives.

Shareholders

How we engage

With IQGeo's revenue growth and transition to profitability we've seen increasing investor interest in our business and we are working to enhance our communication to this important audience. The Company holds an Annual General Meeting (AGM) that is open to all current and potential investors.

As part of our active investor education activities, the CEO and CFO engage with investors through face-to-face and virtual roadshow presentations held at least twice each year following the release of results. We also have a dedicated investor information portal on Proactive Investors that contains a summary of the Company's latest financial news and video interviews with the CEO and CFO. **https://www.proactiveinvestors.co.uk/LON:IQG/IQGeo-Group-PLC**

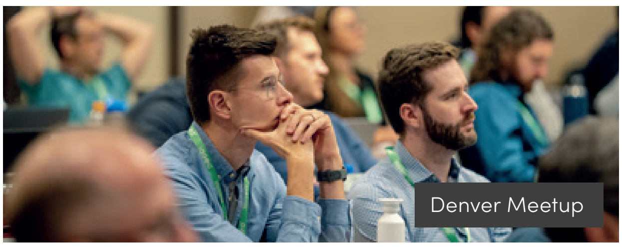
In 2022 the Company enhanced the investor area of the website to include more detailed financial and contact information. In addition to our general eNewsletter distribution, we also distribute periodic investor eNewsletters with relevant financial and market information.

Outcome of engagement

Investors continued to demonstrate support for Board initiatives and activities throughout 2022 and we have received overwhelmingly positive feedback on the overall trajectory of the business.

Key issues from materiality matrix

- 4 Equality & diversity
- 5 Culture, ethics & compliance
- 7 Competitive advantage
- 12 Sustainability & carbon footprint
- 15 Corporate carbon offset programme


Denver Meetup

Employees

How we engage

IQGeo's success is directly linked to the talent and initiative of our employees. As the Company grows, the entire management team is focused on improving employee engagement and communication to create a collaborative and responsive organisation that empowers our colleagues to maximise their contributions while developing their professional skills and responsibilities.

Outcome of engagement

While IQGeo has been successful in dealing with the impact of Covid-19 on our business and the new home working environment, we recognise that the Company needs to continue reaching out to employees in new and more creative ways to build strong teams. In 2022 we implemented several new employee engagement and development activities which are highlighted in the People and Community section.

Key issues from materiality matrix

- 1 Professional training & career development
- 2 Personal health & wellbeing
- 3 Community engagement
- 4 Equality & diversity
- 5 Culture, ethics & compliance
- 6 Privacy & data security


Cambridge Meetup

IQGeo Meetup events around the world

Cambridge and Denver

In 2022 the IQGeo Meetup events for customers and partners returned to our popular live events after two years of virtual meetings. We held our first ever European customer event in Cambridge in June focused on fibre network operators, and in October we hosted a North American event in Denver for more than 130 customers and partners. In addition, we also conducted a virtual Meetup in Japan for our utility and telecom customers. In 2023 we are planning live events in Japan, the USA and Europe to support our customers and prospects.


Denver Meetup

Customers

How we engage

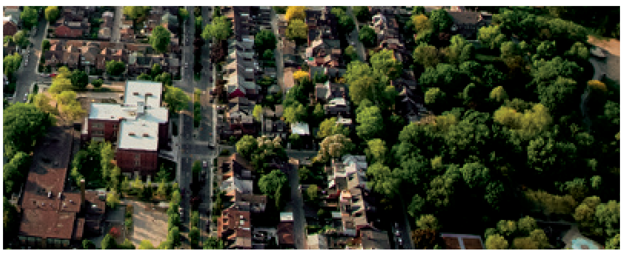
The success of our customers remains fundamental to the mission of IQGeo and to achieving our key business objectives. With the expansion of our Customer Success and Delivery teams in 2022 we are investing in the operational infrastructure we need to successfully engage across the customer journey. This begins with the initial deployment of our software at a new customer and extends through long-term account engagement, support and management.

Outcome of engagement

As our customer base grows through organic expansion and from the acquisition of Comsof in 2022, it is an increasing challenge to provide tactical and strategic customer support. To meet this challenge we have increased the number of communication and engagement channels that include our successful customer Meetup events, outbound email communications, product update webinars, eNewsletters, and customer success account reviews. This multi-pronged approach is helping us to reach out and engage with as many key customer stakeholders as possible.

Key issues from materiality matrix

- 5 Culture, ethics & compliance
- 6 Privacy & data security
- 7 Competitive advantage
- 8 Network transformation & resilience
- 9 Decarbonisation & sustainability
- 10 Regulatory compliance & safety
- 11 Customer satisfaction
- 12 Sustainability & carbon footprint



Community & environment

How we engage

IQGeo and our customers' employees are active members of their local communities, and we recognise our responsibility to support society through the benefit delivered by our technology and our environmental sustainability activities. In 2021 we measured IQGeo's corporate carbon footprint over the previous three years to understand and mitigate our environmental impact.

Outcome of engagement

IQGeo's carbon footprint has been fully documented from 2019 through 2022. While the figures were impacted by travel restrictions during the Covid-19 pandemic, we now have a comprehensive view over the last four years. In 2022 we offset our carbon emissions to continue our Carbon Neutral Organisation status and we will continue to work with our colleagues to raise awareness and mitigate our collective carbon footprint.

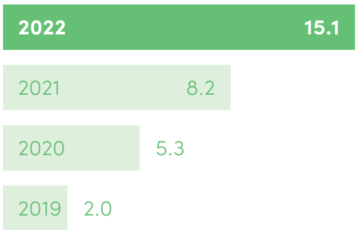
Key issues from materiality matrix

- 3 Community engagement
- 4 Equality & diversity
- 8 Network transformation & resilience
- 9 Decarbonisation & sustainability
- 10 Regulatory compliance & safety
- 11 Customer satisfaction
- 12 Sustainability & carbon footprint
- 15 Corporate carbon offset programme

Key performance indicators (KPIs)

Continued progress against strategic objectives.

1 Exit ARR (£m)



£15.1m +84%

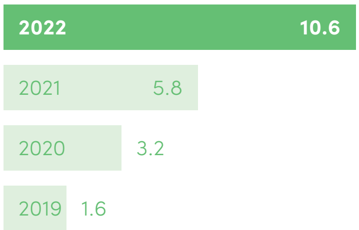
Description
Exit ARR is defined as the current go forward run rate of annually renewable subscription and M&S agreements.

Why measure
Provides stability and future visibility of revenues.

2022 performance
Exit ARR has increased by 84% through the addition of new logos and net retention of IQGeo's customer base of 108%.

Link to strategy

2 In-year recurring revenues (£m)



£10.6m +84%

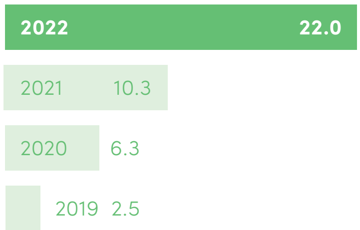
Description
The value of ARR agreements from IQGeo product sales that are taken to revenue in the consolidated income statement.

Why measure
Growth in recurring revenues from IQGeo product sales will drive improvements to gross margin, being higher margin than revenues of services.

2022 performance
IQGeo recurring revenues recognised in the consolidated income statement have increased by 84% with over 93% of logos being added on a subscription basis (2021: over 95%).

Link to strategy

3 Recurring revenue order intake (£m)



£22.0m +114%

Description
The value of orders from ARR subscription and M&S agreements through renewals, expansion orders or new logos during the year.

Why measure
Recurring revenue orders will drive in-year recurring revenues and future recurring revenues. Multi-year subscription contracts mitigate the risk of loss of Exit ARR as it extends the committed period.

2022 performance
Recurring revenue order intake has increased by 114% due to new logos committing to multi-year subscriptions along with existing customers renewing annual M&S and subscription agreements and with some recurring revenue acquired with Comsof.

Link to strategy

Key

Global growth

Recurring revenue

Product innovation

4 IQGeo own product orders (£m)

2022	40.5
2021	18.9
2020	10.7
2019	7.5

£40.5m +115%

Description
Orders connected to IQGeo's products, being software licence, subscription, M&S or associated services. Excludes orders of Geospatial services from third party products which are lower margin and are no longer a focus of the Group.

Why measure
Own product orders is a key indicator of IQGeo's growth and success in market penetration during the period, driving both in-year revenues and backlog to be delivered in future periods.

2022 performance
IQGeo own product orders have increased by 115% with a strong intake of services orders being won alongside subscription sales.

Link to strategy

5 IQGeo own product revenue (£m)

2022	25.6
2021	12.9
2020	7.3

£25.6m +99%

Description
Revenues connected to IQGeo's products, being software licence, subscription, M&S or associated services. Excludes orders of Geospatial services from third party products which are lower margin and are no longer a focus of the Group.

Why measure
Own product revenues are typically higher margin and will drive improvement of gross margin, leading to sustained long-term profitability.

2022 performance
IQGeo own product revenue has increased by 99% with growth driven by recurring revenue streams and a growing services order book.

Link to strategy

6 Gross margin (%)

2022	59
2021	64
2020	52
2019	42

59%

Description
Gross margin achieved from total revenues.

Why measure
Continued improvement to gross margin is an indication of the success of IQGeo's strategy to build its recurring revenue base to achieve long-term sustained profitability.

2022 performance
The gross margin decrease of 5% is a result of the revenue mix driven by the services revenue growth in the year, up by 107% overall to £10.5 million (2021: £5.1 million). The overall gross margin reduction is despite a continued move towards higher-margin IQGeo product revenues and improved services margins.

Link to strategy

Key performance indicators (KPIs) continued

7 Cash (£m)

2022	8.1
2021	11.5
2020	10.5
2019	13.1

£8.1m (30%)

Description
Cash at bank. No debt.

Why measure
Improving cash reserves is the measure of a successful business. Investment is required to develop innovative products and to increase headcount, facilitating regional growth.

2022 performance
Net cash has reduced during the year with the Group generating a positive cash flow from operating activities of £2.5 million, offset through net cash outflows attributable to the acquisition of £5.0 million and an inflow from fundraising associated with the acquisition of £3.5 million.

Link to strategy

8 New logos won (Number)

2022	64
2021	76
2020	13
2019	13

64 (16%)

Description
The number of new customers using IQGeo products in the year.

Why measure
New logos won is an indicator of market penetration. Initial sales to a new logo are a precursor to expansion sales in subsequent years through new products, increased user counts and additional services.

2022 performance
IQGeo has won significant numbers of new logos following on from 2021 where it won the most in its history. Additionally, through the acquisition of Comsof, a further 88 logos were added, giving a total gain of 152 new logos in the year net of 19 losses (6%); this increased the Group's logos to 456 at the end of the financial year.

New logos were won in all operating regions during 2022, with the regional customer base becoming more diverse as markets are developed.

Link to strategy

9 Employee headcount at 31 December

2022	180
2021	102
2020	96
2019	71

180 +76%

Description
Employees of the Group as at the financial year end.

Why measure
Headcount increases added in a controlled and strategic manner will drive future growth, through increased sales and a stronger product suite.

Target
Headcount increased significantly in the year as the Group invested in its skills and resources to support the organic growth and following a period of moderate investment through Covid-19 prior. Additional headcount of 49 was added through the acquisition of Comsof.

Link to strategy

Key

Global growth

Recurring revenue

Product innovation

Chief Financial Officer's statement

"2022 has been another successful year for the Group.

Haywood Chapman
Chief Financial Officer

Exit ARR increased by

84%

Net retention of ARR for 2022 was

108%

Principal events and overview

2022 has been another successful year for the Group as we continue to grow annual recurring revenue (ARR) and our customer base, both organically and through acquisition. In addition, we achieved the major milestone of profitability at the adjusted EBITDA level and as we continue to be successful in the growing markets in which we operate, we will continue to grow revenue and achieve sustained profitability and cash inflows.

On 11 August 2022, the Group acquired Comsof for a total consideration of up to €13.0 million (£11.1 million). Comsof not only brings market-leading automated fibre planning software, but also gives IQGeo a substantial European hub via its office in Ghent, Belgium and a significant European customer base with c.100 telecom customers that will provide the potential to increase the cross-selling of IQGeo software products. The positive results of the acquisition along with the organic growth achieved by IQGeo's pre-existing operations are reflected in the Group KPIs. The OSPI business acquired in December 2020 (now called the Small and Medium Business (SMB) unit) also continued to perform well in 2022, winning 43 new logos during the year and increasing the new ARR won to £1.3 million compared to £1.1 million in 2021, which itself was more than double the rate compared to the year before the acquisition.

As at 31 December 2022, the Exit ARR of the Group was £15.1 million and this will give us greater visibility of revenues and cash flows moving forward. 40% of the Group's revenues during the year were recurring compared to 42% in 2021, the slight decrease due to the dilutive effect of Comsof revenues with that business having approximately 25% recurring revenue under their current commercial model and the much-increased IQGeo professional services revenue as the Group implemented an increased number of customer projects during 2022.

Chief Financial Officer's statement continued

Key performance indicators

On a monthly basis, the Directors review revenue, operating costs, cash and KPIs to ensure the continued growth and development of the Group. Primary KPIs for 2022 and 2021 were as follows:

KPIs	2022 £'000	2021 £'000
Total revenue	**26,592**	13,849
Recurring revenue	**10,610**	5,751
Recurring revenue %	**40%**	42%
New ARR added in year	**7,017**	3,370
Exit recurring revenue run rate	**15,081**	8,178
IQGeo own product orders	**40,539**	18,887
IQGeo own product revenue	**25,632**	12,851
Gross margin %	**59%**	64%
Adjusted EBITDA	**1,898**	(829)
Loss for the year	**(913)**	(1,929)
Recurring revenue net retention	**108%**	113%
Recurring revenue order intake	**21,957**	10,321
Cash, net of debt	**8,055**	11,499

Annual recurring revenue

Annual recurring revenue (ARR) arises from both subscription-based software sales and also maintenance and support arrangements from perpetual licence sales. During 2022, the Group has added net new ARR of £7.0 million. £5.3 million new ARR has been added through sales of our Enterprise and SMB products, a 55% increase over the £3.4 million added during 2021, and a further £1.7 million has been added via the acquisition of Comsof. Of the £5.3 million new ARR won during the year, £1.3 million was from our SMB customer base – namely the OSPI business acquired in December 2020 – and an increase from £1.1 million won by the business in 2021, which itself was more than double the run rate of that business in the year to December 2020. The Group achieved a recurring revenue net retention figure of 108% which reflects the Group's continued ability to grow existing customer accounts through new products and increasing the user count, along with excellent logo retention. Whilst this is slightly behind the 113% net retention figure achieved in 2021, we are still pleased with the 2022 performance.

The Exit ARR of the Group as of 31 December 2022 has increased by 84% to £15.1 million (2021: £8.2 million) including organic sales and the acquired Comsof ARR. Recurring revenues now account for 40% of all revenue, compared to 42% in 2021, down marginally due to the lower recurring revenue percentage from the acquired Comsof business which had approximately 15% recurring revenue in the year. We plan to change the business model for the Comsof business over time to increase the recurring revenue. Another reason for the decrease in recurring revenue percentage is the considerable growth we have seen in our services revenue due to a number of large projects the Group has undertaken as we on-board the large number of new customers. We do however expect the recurring revenue percentage to grow over the coming years, bringing increased visibility of revenues and cash flows as well as increased margins given the 87% gross margin that our recurring IQGeo product revenues bring.

Additionally to recurring revenue, revenue is derived from consultancy services on own IP products and also consultancy services connected to third party products. Revenues from third party product services have declined in the current period and are still expected to decline in future periods as the Group continues to focus on growing recurring revenues.

Orders

Bookings of orders increased by 109% to £41.0 million during 2022 (2021: £19.6 million) and the closing order book relating to revenue to be taken in future years increased by 88%, from £14.6 million at the end of 2021 to £27.5 million at 31 December 2022.

Revenue

Revenue composition by revenue stream is summarised in the table below:

Revenue by stream	**2022 £'000**	**% of total revenue**	2021 £'000	% of total revenue
Subscription	**8,107**	**31%**	3,964	29%
Maintenance and support	**2,503**	**9%**	1,787	13%
Recurring product revenue	**10,610**	**40%**	5,751	42%
Perpetual software	**1,138**	**4%**	2,011	15%
Demand points	**3,357**	**13%**	—	0%
Services	**10,527**	**39%**	5,089	36%
Non-recurring product revenue	**15,022**	**56%**	7,100	51%
Total product revenue	**25,632**	**96%**	12,851	93%
Geospatial services from third party products	**960**	**4%**	998	7%
Total revenue	**26,592**	**100%**	13,849	100%

Total revenue grew by 92% over the prior year to £26.6 million. Included in this was £4.8 million from Comsof, which meant that underlying organic revenue growth from the existing IQGeo business was up 57% to £21.8 million. The Group has achieved recurring revenue growth of 84% during 2022 to £10.6 million (2021: £5.8 million) largely as a result of the ARR won during 2021/2022. Comsof revenue includes recurring revenue of £0.7 million and £3.4 million of demand points – revenue from the number of end points that the fibre planning software is used to plan for customers. This demand point revenue is similar to our perpetual licence revenue and is included in our non-recurring IQGeo product revenue. Sales of perpetual software licences have decreased from the prior year as the Group continues to focus on subscription sales, although some customers – particularly in the utility market – prefer a perpetual software offering. It is anticipated that this one-off revenue will continue to fluctuate year on year.

As the number of customers and new contract wins has increased, our associated service revenues from initial deployments and expansion orders have also grown by 107% over the prior year and the Group went into 2023 with a strong backlog of services orders, providing visibility of services revenues for six months and beyond. Labour backlog as at 31 December 2022 was £5.0 million.

Gross profit

	2022 £'000	**Gross margin %**	2021 £'000	Gross margin margin %	Gross profit movement
Gross profit/gross margin	**15,665**	**59%**	8,797	64%	-5%

Gross margin percentage for the year was 59%. The decrease from the prior year has been driven by the shift in product mix, especially the large increase in services revenues which carry a 20% gross margin compared to the 87% gross margin on our recurring revenues and 90% gross margin on perpetual software licences and demand points.

Chief Financial Officer's statement continued

Operating expenses and adjusted EBITDA

Operating expenses were £17.2 million (2021: £11.4 million) and are summarised as follows:

	2022 £'000	2021 £'000
Other operating expenses	**13,767**	9,626
Depreciation	**447**	315
Amortisation	**2,241**	1,656
Share option expense	**303**	282
Unrealised foreign exchange (gain)/loss on intercompany trading balances	**(574)**	42
Non-recurring items	**1,007**	(550)
Total operating expense	**17,191**	11,371

Other operating expenses of the Group include sales, product development, marketing and administration costs, net of costs capitalised.

Other operating costs during the period have increased with the addition of the Comsof acquired business adding £0.8 million of operating costs to the Group. The lifting of Covid-19 restrictions has meant that travel both internally within the Group and externally for face-to-face sales activities has increased, which has resulted in increased costs, although there are obvious benefits such as collaboration within teams and enhanced messaging of the benefits our products can bring amongst our customers. Operating costs are anticipated to increase in the future to drive further revenue growth.

Non-recurring items in 2022 relate to the Comsof acquisition costs and the costs of integrating the business with the IQGeo business. With effect from 1 January 2023, all finance activities and peripheral systems used by IQGeo had been adopted by the Comsof business and in North America, we successfully merged the Comsof Canadian legal entity together with the IQGeo Canadian legal entity, leaving IQGeo Solutions Canada Inc as the sole operating company in Canada. The exceptional credit in 2021 related to a loan waiver under the USA CARES Act's "Paycheck Protection Program" in order to support the USA operations during the uncertainty caused by the impact of the global Covid-19 pandemic. This loan was forgiven by the US Small Business Administration along with interest accrued in June 2021.

Adjusted EBITDA excludes amortisation, depreciation, share option expense, foreign exchange gains/losses on intercompany trading balances and non-recurring items and is reported as it reflects the performance of the Group. 2022 was a milestone year for the Group with a first Adjusted EBITDA profit of £1.9 million (2021: Adjusted EBITDA loss of £0.8 million).

The operating loss for the period was £1.5 million (2021: £2.6 million), £0.5 million loss before non-recurring items (2021: £3.1 million loss).

EPS and dividends

Adjusted diluted earnings per share was 0.6 pence (2021: 3.1 pence loss). Reported basic and diluted earnings per share was 1.5 pence loss (2021: 3.4 pence loss). The Board does not feel it appropriate at this time to commence paying dividends.

Consolidated statement of financial position

As at 31 December 2022, the Group had a cash position of £8.1 million and no debt (2021: £11.5 million and no debt).

Assets

Total assets were £41.7 million (2021: £27.4 million). Total current assets increased to £19.8 million (2021: £16.7 million).

Total non-current assets were £21.9 million (2021: £10.7 million). Goodwill increased to £11.5 million (2021: £4.4 million) due to the Comsof acquisition. Capitalised development costs at 31 December 2022 were £3.8 million (2021: £2.5 million) with the increase reflecting the investment in the IQGeo product suite, offset by the amortisation charge. No change has been made to the current three-year amortisation period, due to the fast-moving nature of the technology.

Liabilities

Total current liabilities increased to £16.9 million (2021: £8.8 million) which includes an increase in deferred revenue of £2.9 million as would be expected in a business that is increasing annual recurring revenue through subscription-based customer contracts. Current liabilities also include £1.2 million of contingent consideration in respect of the Comsof acquisition.

Total non-current liabilities increased to £3.0 million (2021: £1.4 million) and non-current liabilities of £1.0 million of contingent consideration for the Comsof acquisition.

Net assets

Net assets increased to £21.7 million (2021: £17.2 million).

Cash and cash flow

Operating cash before working capital movement was £0.9 million inflow (2021: £0.9 million outflow). Cash inflow from operating activities after adjusting for working capital and tax was £2.5 million (2021: £0.7 million).

The Group had investment outflows of £8.7 million (2021: £0.1 million) for tangible assets and £2.9 million on R&D investments in own products (2021: £1.9 million). The 2022 figures include £5.0 million paid for the acquisition of Comsof, net of £2.5 million cash acquired and £1.0 million on non-recurring costs related to the acquisition and integration of the Comsof business, together with £0.6 million of deferred payments in relation to the OSPI acquisition (2021: £0.6 million). The 2021 figures included £2.5 million received from the RTLS disposal.

Cash inflows from financing activities were £3.1 million (2021: £0.3 million outflow) with the year-on-year movement primarily due to the fundraise associated with the placing of shares to assist funding the Comsof acquisition, both completed in August 2022.

Going concern

As at 31 December 2022, the Group had £8.1 million of cash (2021: £11.5 million) and no debt. The Directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. The projections prepared until 31 March 2024 show that the Group will be able to operate comfortably within the current levels of cash available and, based on this, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Haywood Chapman
Chief Financial Officer

24 March 2023

Principal risks and risk management

Effective risk management is critical to the achievement of the Group's long-term growth.

The Directors of IQGeo Group plc confirm that they have carried out a detailed assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Risks that present a potential material impact are identified and governed in accordance with our risk management policies. The Board considers risk to the business at every Board meeting and formally reviews and documents the principal risks to the business within the Group risk register, which is updated at least annually.

Effective risk management is critical to the achievement of the Group's long-term growth. The Board has overall accountability for ensuring that risk is effectively managed across the Group through the implementation and review of the Group's risk processes. Additionally, senior managers are responsible for reviewing and evaluating risk and meet with the Executive Directors at least monthly to review ongoing operational and financial performance, forecasts and to discuss new risks associated with ongoing trading.

The principal risks listed in the table are those we believe could cause our results to differ materially from expected and historical results. They are also the risks that may impact the achievement of the Group's strategic priorities.

Strategic risks

Principal risk and impact	Mitigation of risk	Strategy	Change
Growth management Near-term expansion is expected in the future to develop existing markets and to expand into new markets. The risks associated with growth include the delivery of market penetration through the conversion of the sales funnel, and control of increases in fixed operating costs to support revenue growth. If the Group is unable to manage expansion effectively, its business and financial results could suffer. If the Group is unable to deliver growth to exceed the costs of operation, then ultimately its cash resources will be fully consumed.	• Subscription revenue model provides greater stability to revenue, cash flows and operations in future periods. The Exit ARR of the Group as at 31 December 2022 was £15.1 million. • Close monitoring of business development strategy and regular reviews of the sales opportunity pipeline at Board meetings. • Head office support of regional office development in the event of accelerated regional growth. • Development of systems and processes that can scale with the business while maintaining good financial management. • Close monitoring of gross margin including resource allocation and utilisation on services projects. • The costs within the business are closely monitored to ensure they remain in line with the growth trajectory, and cash flow outlook, of the business.		
Continuing investor confidence Access to future capital may be required as the business develops. Growing market capitalisation and good investor relations coverage will be viewed positively by existing and potential customers.	• Clearly defined medium and long-term strategy. • Regular meetings with investors as part of the financial results reporting cycle. • Improved communication to articulate business performance and strategy.		

Key

Increase | Decrease | No change
Global growth | Recurring revenue | Product innovation

Strategic risks

Principal risk and impact	Mitigation of risk	Strategy / Change
Dependence on key customers The Group has a significant portion of Exit ARR concentrated with several substantially larger enterprises than the Group. The Group is reliant on significant projects with its key customers to deliver financial results. The conversion of opportunities to signed contracts and then the subsequent timing of the projects is not fully under the control of the Group.	• The Group's management performs regular reviews of the opportunity pipeline, including critical stages to complete the larger deals with status reported at Board meetings. • The Group's customer base has expanded with more customers using IQGeo products. The Group added 152 new logos during 2022. • Increase the breadth of the opportunity pipeline through recruitment of more quota-carrying sales and pre-sales personnel. • The Group continues to invest in the key customer relationships that it has successfully retained over many years, while also maintaining a strategy to extend and diversify its customer base.	Strategy: Global growth Change: Decrease

Principal risk and impact	Mitigation of risk	Strategy / Change
Customer satisfaction and retention The subscription model is attractive to some customers as it provides flexibility and reduces the initial investment required to adopt the IQGeo Platform. Poor customer satisfaction would impact renewal of subscription and maintenance and support contracts. Expansion of additional users and new products is anticipated within our typical customer lifecycle. This strategy would be limited in the event of poor customer satisfaction. The transition to a subscription model will deliver sustained long-term growth if the majority of customers won are retained. Loss of customers will lead to a reduction in cash through renewals of subscriptions. Barriers to entry into the market are high with proof of delivery in customer environments essential. The Group operates in a market with a small number of significant customers and reputational damage through poor customer satisfaction could be significant. Additionally, poor customer satisfaction could result in delays in the timing of customer payments which would reduce the working capital available to the Group.	• Maintain regular communications with customers. • Ensure appropriate level of resources are applied to key customer accounts. • Deal with issues quickly through a clear escalation path. • Investment in product enhancements with a focus on understanding customer needs.	Strategy: Global growth, Recurring revenue, Product innovation Change: No change

Principal risk and impact	Mitigation of risk	Strategy / Change
Technological risk The Group operates in an industry where competitive advantage is heavily dependent on technology. Technological development may reduce the importance of the Group's function in the market. Slower adoption of disruptive technologies within the markets we operate in will impact on revenue unless the benefits of the IQGeo Platform are clearly communicated.	• Regular monitoring of the industry and advances through participation in research forums. • Review of the product roadmap by the Board to ensure competitiveness. • Continued investment in technologies that meet customer needs. • Monitoring of planned R&D to ensure resources are allocated to deliver advances that are aligned to the Group strategy, linking investment to commercial viability and return on investment.	Strategy: Product innovation Change: No change

Principal risks and risk management continued

Strategic risks

Principal risk and impact	Mitigation of risk	Strategy / Change
Pandemics (including Covid-19) and geopolitical uncertainty The ability to build pipeline, develop opportunities and service customers needs direct customer interaction which is often most effective on a face-to-face basis, requiring travel. Following on from Covid-19 restrictions, key trade shows have been restarted and face-to-face interaction internally and with customers returned through the year to pre-pandemic levels. Global economic downturn or reprioritisation of investment strategies caused by external factors such as a pandemic, or geopolitical uncertainty including the war in Ukraine, may slow down investment plans for IQGeo target customers.	• Maintain regular communications with customers. • Be aware of potential impact to customer operations. • Implement digital marketing strategy to continue lead generation. • Maintain cloud-based infrastructure for IQGeo's IT systems. • Maintained home working capabilities through Covid-19 whilst moving to a hybrid working environment to ensure effective working across all offices. • Pipeline and forecast is risk weighted appropriately to reflect any downturns.	Strategy Change

Operational risks

Principal risk and impact	Mitigation of risk	Change
Staff recruitment and retention The Group's success is substantially dependent upon recruiting, retaining and incentivising senior management and key technically skilled employees, the loss of whom could have an adverse impact on the performance of the business. Failure to comply with local laws may result in the cessation of the ability to trade in that jurisdiction, fines or the allocation of resources to perform corrective actions.	• The Group has in place appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient development and management of the Group. • The Group has implemented Employer of Choice initiatives including career planning and organisational development. • Succession planning in key positions across the business functions.	

Principal risk and impact	Mitigation of risk	Change
Legal and regulatory breaches The Group is required to comply with local laws, regulations and legislation in each jurisdiction in which it operates. These include compliance with financial reporting and conduct requirements, Health & Safety, Data Protection and anti-Bribery rules. Failure to comply with local laws may result in the cessation of the ability to trade in that jurisdiction, fines or the allocation of resources to perform corrective actions.	• The Group monitors new developments, taking input from local advisers. • The Group regularly reviews its processes to ensure that the risk of default is minimised.	

Principal risk and impact	Mitigation of risk	Change
International trade The Group is exposed to economic downturn within the markets in which it operates including continued disruption following the UK's exit from the European Union on 31 January 2020.	• IQGeo Europe NV and IQGeo Germany GmbH, Belgium and German-based subsidiaries of IQGeo Group plc, contract with customers based in the European Union, dependant on location. • The Group's customer sales are spread across multiple territories which will partially mitigate against a downturn in any one region.	

Principal risk and impact	Mitigation of risk	Change
Digital infrastructure and cyber security 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 the loss or misuse of sensitive information, legal or regulatory breaches resulting in potential liability, and reputational damage among the customer base leading to a decline in revenues.	• 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. • The Group ensures all employees receive training and testing to improve their awareness of cyber-threats. • Short and medium-term cyber security plans are regularly reviewed by the Board. • ISO 27001 certification achieved in 2022 which involved review and improvements to processes in place across the Group.	

Key

Increase | Decrease | No change
Global growth | Recurring revenue | Product innovation

Financial risks

Principal risk and impact	Mitigation of risk	Change
Clawback in respect of RTLS SmartSpace sale On 31 December 2018, the Group disposed of its RTLS SmartSpace business. The sale agreement included a number of warranties which would allow the new owners of the RTLS SmartSpace business to claw back consideration paid, should additional liabilities crystallise at a later date. We have been made aware of a potential tax warranty claim related to the sale, the outcome of which remains uncertain.	• The Group continues to work extensively with external advisers to address an ongoing German tax enquiry associated with the transaction.	Increase

Principal risk and impact	Mitigation of risk	Change
Taxation The Group operates globally and is exposed to international tax laws, operating in multiple jurisdictions, therefore increasing the complexity of maintaining local taxation compliance. Changes to taxation legislation may have an adverse impact on the working capital and profitability of the Group.	• The Group reviews local compliance and upcoming changes to legislation with its advisers and continues to update forecasts accordingly.	No change

Principal risk and impact	Mitigation of risk	Change
Foreign exchange risk The Group's international operations expose it to a number of risks that include the effect of changes in foreign currency exchange rates. A major proportion of the Group's receivables and payables is currently denominated in Canadian Dollars and US Dollars.	• The Group relies on a partial natural hedge of Canadian Dollar, US Dollar and Japanese Yen receivables being in the same currency as the local operation's payables. • The Group's working capital is forecast and monitored in the local currency of each subsidiary allowing the foreign currency exposure across the Group to be reviewed.	No change

Principal risk and impact	Mitigation of risk	Change
Financial reporting risk In preparing the financial statements, the Group makes accounting estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year. These judgements are detailed further in note 4 to the financial statements and include revenue recognition and treatment of product development costs.	• In forming our accounting judgements, management discuss estimates with internal experts within the IQGeo Group to ensure all relevant facts are understood. • The underlying fact pattern and conclusions reached in making accounting judgements are discussed in detail with the Audit Committee of the Group.	No change

All risks reported in the prior year are still considered to be risks and are reported above.

Internal control

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. It should be recognised that such systems can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors acknowledge their responsibilities for the Group's system of internal control and for reviewing its effectiveness. The principal features of the system of internal financial controls include the following:

- Budgetary control over all operations, measuring performance against pre-determined targets on at least a monthly basis
- Regular forecasting and reviews covering trading performance, assets, liabilities, headcount and cash flows
- Authority covering key financial commitments including, but not necessarily limited to, capital expenditure, office lease commitments and recruitment
- Identification and management of key business risks

The Board continually reviews the effectiveness of other internal controls, including financial, operational, and compliance controls and risk management.

The strategic report was approved by the Board of Directors on 24 March 2023 and signed on its behalf by:

Haywood Chapman
Chief Financial Officer

24 March 2023

Board of Directors

The Board of Directors has overall responsibility for the Group. Its aim is to provide the leadership and insight required to develop a successful business, through utilising the broad range of skills and experience of the Board.

Paul Taylor
Chair

Experience

Paul spent over 21 years with AVEVA Group plc and was Group Finance Director from 2001 to 2011. Paul is a Fellow of the Chartered Association of Certified Accountants and was recipient of the FTSE 250 Finance Director of the Year in 2008. Paul was appointed to the IQGeo (then Ubisense) Board on 28 February 2011. Previously, Paul was a non-executive director of Anite plc, KBC Advanced Technologies plc, Escher Group Holdings plc and Frontier Smart Technologies Group Ltd and a non-executive director of Thruvision Group plc.

Other appointments

Paul now serves as a non-executive director to Oxford Metrics plc and Trustee of CADCentre Pension Fund.

Committees

N

Richard Petti
Chief Executive Officer

Experience

Richard brings 25 years of experience in developing market leading businesses for automotive, financial and industrial customers. He was previously CEO of Asset Control, a supplier of data management systems to leading financial institutions, and COO at WEMA, a leading provider of sensors to commercial vehicle manufacturers. Richard joined the IQGeo (then Ubisense) Board on 14 December 2016.

Other appointments

None

Committees

N/A

Haywood Chapman
Chief Financial Officer

Experience

Haywood has over 15 years' experience in senior finance roles within high growth listed and PE backed organisations. He joined IQGeo from Castleton Technology PLC, a leading software and managed services provider to the social housing sector, where he was CFO from 2014 and led the business from a cash shell via ten acquisitions to a £26 million revenue, £6.3 million EBITDA company with 68% recurring revenue which was sold to TA backed MRI Software, returning more than 4x to initial investors.

Other appointments

None

Committees

N/A

Dr. Robert Sansom
Non-Executive Director

Experience

Dr. Robert Sansom co-founded and was CTO of FORE Systems, acquired by Marconi for $4.5 billion in 1999. Robert joined the IQGeo (then Ubisense) Board on 16 December 2005. He co-founded and was Chairman of the Cambridge Angels from 2001 to 2010. Robert was elected as a Fellow of the Royal Academy of Engineers in 2010.

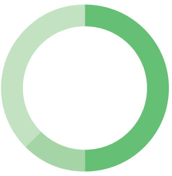
Other appointments

Robert is a non-executive director to enterprises including Myrtle Software Ltd, Featurespace Ltd, Cambridge Communication Systems Ltd and Netronome Systems Inc.

Committees

N *

Length of tenure



- 1–3 years | **4**
- 4–6 years | **1**
- 7+ years | **3**

Key

* Chair of Committee
A Audit Committee
N Nomination Committee
R Remuneration Committee
I Independent

Ian Kershaw
Non-Executive Director

Experience

Ian has over 30 years' strategy, engineering and operations experience in the telecoms, utilities and manufacturing industries. He was appointed as a Non-Executive Director to the IQGeo (then Ubisense) Board on 23 May 2014. Previously, Ian was executive chairman of Coryton Advanced Fuels, the transport fuels specialists, and a director of Ricardo UK Ltd., the engineering consultants.

Other appointments

Ian is also a non-executive director of Surface Generation Ltd.

Committees

A R I

Max Royde
Non-Executive Director

Experience

Max co-founded Kestrel in 2009. He joined the IQGeo Board on 31 October 2019. Max has been advising and investing in quoted and unquoted UK smaller companies since 1998 and prior to Kestrel was a managing director of KBC Peel Hunt.

Other appointments

Max is a partner in Kestrel Partners LLP and Findlay Park Partners LLP and is a non-executive director of Elms Road Capital Ltd, Track Record Holdings Ltd, Trailight Ltd, Charles Connell & Company Ltd, CentralNIC Group plc and Aferian plc.

Committees

R *

Andy MacLeod
Non-Executive Director

Experience

Andy is a professional Non-Executive Director and industry consultant after recently retiring from Vodafone Group as Regional Technology Director for the Africa, Middle East and Asia-Pacific Region. Prior to that he was Vodafone's Group Chief Networks Officer and CTO of Verizon Wireless in the US. Since the early 1990s he has held CEO, COO and CTO positions at major telecommunications companies and has gained extensive public and private experience as a director on the Boards of companies such as Eircom, Indus Towers, Vodafone Italy and Vodafone Australia. Andy was appointed to the IQGeo Board on 21 June 2019.

Other appointments

Andy is currently a non-executive director of Gfinity PLC.

Committees

None

Carolyn Rand
Non-Executive Director

Experience

Carolyn is a professional non-executive director with over 30 years' experience across public and private enterprises. Her current responsibilities include Non Executive Director and Audit Chair of AIM quoted Technology business PCI Pal Plc, Governor and Audit Committee Member of the College of West Anglia. She is a Fellow of the Chartered Institute of Management Accountants having served as Regional Chair for over eight years. In addition she served as Chair for the Institute of Directors for Cambridgeshire. Other prior directorships include Strategic Advisor for AIM-quoted global technology business Bango plc where she previously held the office of CFO. Throughout her career, Carolyn held executive positions within high-growth technology and scientific businesses including CFO of Zinwave, CEO of Isogenica.

Other appointments

Carolyn is currently a non-executive Director of PCI Pal Plc.

Committees

A * I

Corporate governance report

In order to ensure that the Board makes the right decisions for the Company and its stakeholders, it is vital that we have good corporate governance in place.

Our governance framework

The Board keeps all aspects of corporate governance under review, with the governance framework developing further as the Group continues to grow.

In 2019 we adopted the QCA Corporate Governance Code and strive to follow its guidance and principles, many of which flow throughout our business via our strategy, our business model and our stakeholder engagement. The table below signposts you to the various sections of this Annual Report containing the detail.

Principle 1:	Establish a strategy and business model which promote long-term value for shareholders.	Read more on pages 20 and 21
Principle 2:	Seek to understand and meet shareholder needs and expectations.	Read more on page 36
Principle 3:	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Read more on pages 28 to 34
Principle 4:	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Read more on pages 46 to 49
Principle 5:	Maintain the Board as a well-functioning, balanced team led by the Chair.	Read more on page 53
Principle 6:	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	Read more on pages 53 and 54
Principle 7:	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Read more on page 54
Principle 8:	Promote a corporate culture that is based on ethical values and behaviours.	Read more on page 54
Principle 9:	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Read more on pages 54 and 55
Principle 10:	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	Read more on pages 35 to 37

Overview of the Board

The purpose of the Board is to set the vision and strategy for the Group, working closely with the executive management team to deliver a successful business model for our shareholders and other stakeholders.

The Company is controlled by the Board of Directors. The Board comprises the Non-Executive Chair, five Non-Executive Directors and two Executive Directors. There is a distinct and defined division of responsibilities between Paul Taylor, Non-Executive Chair, and Richard Petti, Chief Executive Officer (CEO) in accordance with best practice.

The Chair is primarily responsible for the effective working of the Board in conjunction with management, leading the Board effectively and overseeing the adoption, delivery and communication of the Company's corporate governance model. The Chair has sufficient separation from the day-to-day business to be able to make independent decisions. The Chair is also responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation.

The CEO is responsible for the operational management of the business and for the implementation of the strategy agreed by the Board. The CEO works with the Chair and Non-Executive Directors in an open and transparent way, keeping the Chair and Board up to date with operational performance, opportunities, risks and other issues to ensure that the business remains aligned with its key objectives.

The Non-Executive Directors are required to be available to attend Board meetings and to deal with both regular and ad-hoc matters and they are expected to commit sufficient time to fully discharge their responsibilities. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and that they have no conflicts.

The Board invites senior management to attend specific Board meetings to discuss in detail aspects of performance and to gain greater insight on operations. Members of the Board visit the Group's global offices from time to time on an informal basis to talk to staff and join Company events where appropriate and possible, though this face-to-face interaction had reduced during 2021 due to Covid-19 restrictions.

The Executive Directors work full time in the business and have no other significant outside business commitments.

For now, the Board considers its composition appropriate given the size of the Company, its revenues and profitability.

All Directors receive regular and timely information on the Group's operational and financial performance which is discussed in detail at the Board meetings. Relevant information is circulated to the Directors in advance of meetings.

The Board recognises that Paul Taylor, Robert Sansom and Max Royde are not regarded as independent Non-Executive Directors and accordingly, during 2021, added an additional independent Non-Executive Director to the Board through the appointment of Carolyn Rand.

The Board holds full meetings at least ten times per year, with attendance required in person whenever possible.

The principal matters that it considers are as follows:

- Reviewing operating and financial performance
- Ensuring that appropriate management development and succession plans are in place
- Determining corporate strategy, including consideration and approval of the Company's annual strategy review
- Consideration of dividend policy
- Approving and accepting all new committed funding facilities
- Approving and accepting major changes in the capital structure of the Company
- Reviewing and approving formal treasury policies relating to funding, liquidity, transactional foreign exchange and interest rate risk management
- Reviewing the health and safety, and environmental performance of the Group
- Approving corporate acquisitions, mergers, divestments, joint ventures and major capital expenditure
- Receiving, reviewing and approving recommendations by the designated committee on matters related to audit, nominations and remuneration

Corporate governance report continued

Ten Board meetings were held in 2022.

Attendance at the meetings was as follows:

Paul Taylor	10 (10)
Richard Petti	10 (10)
Haywood Chapman	10 (10)
Robert Sansom	10 (10)
Ian Kershaw	10 (10)
Andy MacLeod	10 (10)
Max Royde	10 (10)
Carolyn Rand	10 (10)

Figures in brackets denote the maximum number of meetings that could have been attended by that person.

Experience, skills and capabilities of the Board

The Board of Directors has overall responsibility for the Group. Its aim is to provide the leadership and industry-specific insight required to develop a successful business, through utilising the broad range of skills and experience of the Board members.

The Board is satisfied that, between the Directors, it has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long term.

The Chair has responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The CEO leads the business and the executive team, ensuring that strategic and commercial objectives are met. He is accountable to the Board for the operational and financial performance of the business.

The Board carries out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness.

Evaluation of Board performance

Board members are appointed with full consideration of the knowledge and skills that they will contribute to the Board and are aligned to the needs of the Company at that time. The Chair ensures that full consideration of the development of the Board is addressed by reviewing the Board composition annually in consultation with the other Board members. The Board, through its Remuneration Committee, ensures that appropriate annual performance targets are set for Executive Board members.

The Chair routinely reviews the management and performance of the Board Committees and will address any performance concerns directly with the Chair of, and/or participants of, that Committee.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively but will continue to review the composition of the Board regularly.

Promotion of corporate culture

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. These values are reinforced with employees by the management team through annual business review sessions and form the cornerstone of the employee performance review process.

The ethical standards at IQGeo are a key factor in the evaluation of individual performance and that of the entire Company.

Appointed sub-committees

Strong corporate governance can only be achieved if the correct Board structure and sub-committees are in place. The Board has appointed sub-committees to provide a robust governance structure and build processes which will support good decision-making by the Board.

Board composition

- Non-executive – 5
- Executive – 2
- Non-Executive Chair – 1

Length of tenure

- 1-3 years – 3
- 4-6 years – 2
- 7+ years – 3

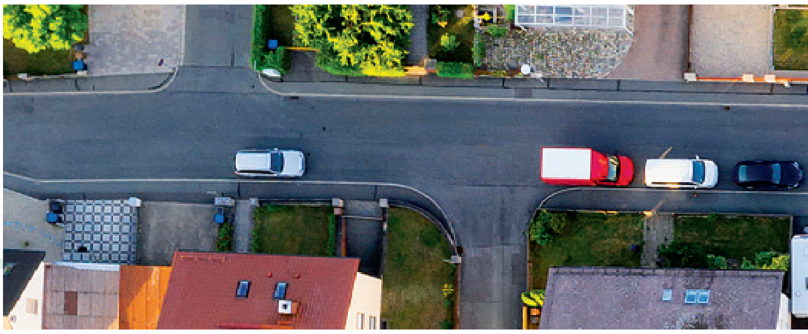
Board

Nomination Committee
The Nomination Committee's primary focus is to evaluate the composition of the Board, make recommendations for changes and to examine the skills and characteristics of Board candidates.

Remuneration Committee
The Remuneration Committee will set the Group's remuneration policy and, in doing so, determine each Executive Director's total individual remuneration package through both performance-related pay and oversight of long-term incentive schemes such as options in the Company's shares.

Audit Committee
The Audit Committee shall provide oversight of the Group's financial reporting process, the Group's internal controls, and review the compliance with laws and regulations in each of the jurisdictions in which the Group operates.

Audit Committee report



"I am pleased to present my report as Chair of the Audit Committee.

Carolyn Rand
Chair of the Audit Committee

A summary of Committee composition and attendance is as follows:

Carolyn Rand (Chair)
4 (4)

Ian Kershaw
4 (4)

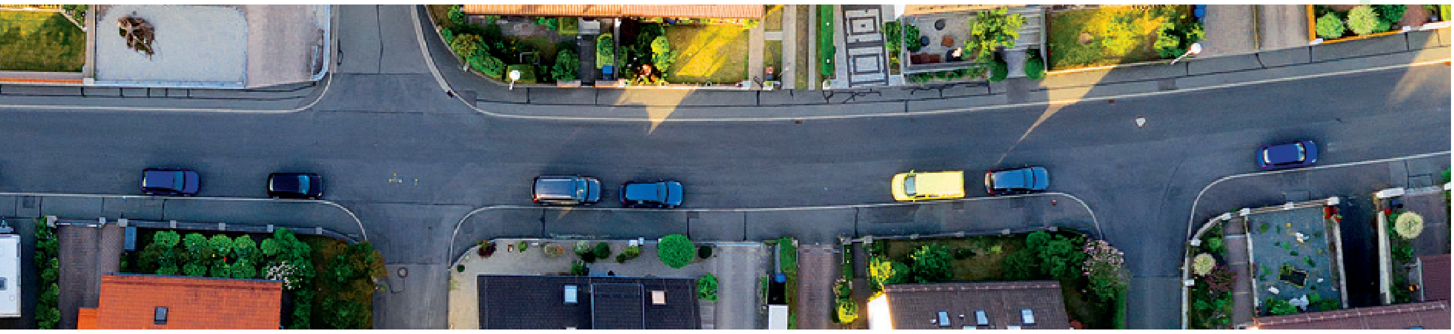
This report describes the composition of the Audit Committee (the 'Committee') along with the work undertaken and the significant issues it considered in 2022.

The Audit Committee consists of the Chair and an independent Non-Executive Director, who between them have a balance of financial experience and business knowledge across a broad range of industries and sectors. There were no changes in the Committee structure in 2022, with Carolyn Rand remaining as Chair and Ian Kershaw as an Independent Director.

During the period under review, the Committee has met four times on a formal basis. The Committee is expected to meet formally four times a year.

The integrity of IQGeo Group plc's financial statements, including the Annual Report and half-year results, is a key focus for the Committee. The timing of meetings allows the Audit Committee to consider the external auditor's planned approach to the half-year interim review and full-year audit of the Annual Report. The Committee discusses the auditor's findings ahead of the financial statements being approved for release. As part of its procedures, the Committee discusses the interim and annual financial statements with the external auditor. When appropriate, non-Committee members are invited to attend, including the Chief Financial Officer and members of the finance team.

As part of the Committee's role in assessing the continued effectiveness of the internal controls over financial reporting, the Committee obtains updates from the Chief Financial Officer, maintaining active dialogue throughout the year.



In accordance with its terms of reference, the Audit Committee has responsibility for the following matters:

- Financial reporting
  - Monitor the integrity of the financial statements of the Group, reviewing any significant reporting issues and judgements they contain
  - Advise on the clarity of disclosure and information contained in the Annual Report and Accounts
  - Ensure compliance with applicable accounting standards and review the consistency of methodology applied
- External audit
  - Recommending the appointment, re-appointment or removal of the external auditor
  - Oversee the relationship with the external auditor, reviewing performance and advising the Board members on their appointment and remuneration
  - Approving non-audit services provided by the external auditor
- Whistleblowing
  - Review of the Group's whistleblowing policies and procedures
- Internal control
  - Reviewing management's and the internal auditor's report on the effectiveness of systems for internal financial control, financial reporting and risk management; together with monitoring management's responsiveness to their findings

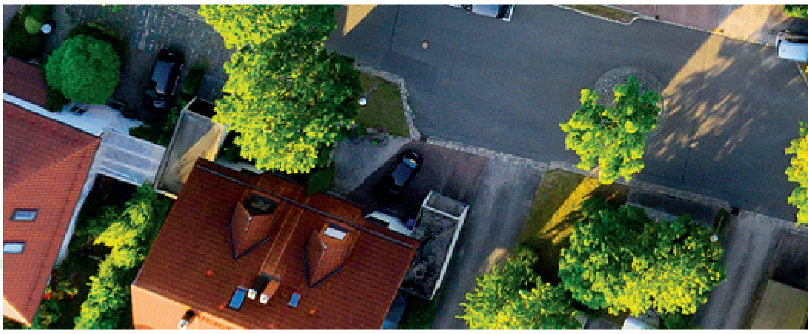
Activities of the Committee during the year

The Audit Committee has met with both the auditor and internal management during the year and discussed the following key matters:

- Accounting policies applied in respect of the acquisition of Comsof in the year and subsequent measurement of deferred and contingent liabilities
- The Group's revenue recognition policies applied during the year including those applicable to the Comsof revenue streams
- The resolution of significant accounting judgements or of matters raised by the external auditor during the course of their half-year review and annual statutory audit. These key matters are stated within the external auditor's report included within this Annual Report
- The external auditor's report on any deficiencies in the internal controls of the Group identified during the statutory audit. IQGeo Group plc does not have an internal audit function and believes that given the size of the business, this remains appropriate
- Assessment of the independence of the external auditor. As part of this review, the Committee monitors the provision of non-audit services by the external auditor. An analysis of non-audit services is disclosed in note 10.3 to the financial statements. The non-audit services charged by Grant Thornton in 2022 relate to the review of half-year results, and the provision of tax advisory services. The Audit Committee was satisfied that safeguards are adequately observed to ensure no issues arise impacting upon the auditor's independence

The Audit Committee has satisfied itself that the key areas discussed above have been addressed appropriately within the Annual Report and that the Group continues to work and communicate well together.

Remuneration Committee report



"The Committee continues to focus on ensuring that Executive remuneration packages reflect the achievement of the Group's strategy and sustained shareholder growth.

Max Royde
Chair of the Remuneration Committee

A summary of Committee composition and attendance is as follows:

Max Royde (Chair)
3 (3)

Ian Kershaw
3 (3)

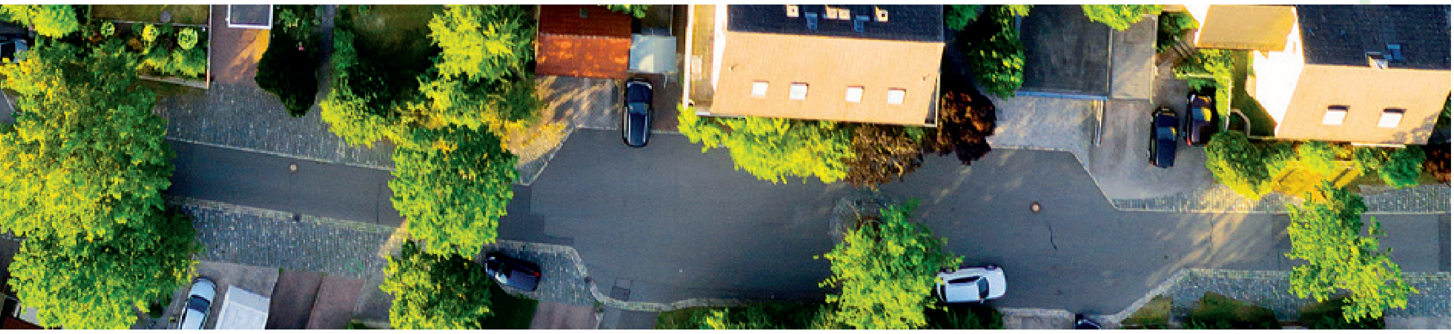
The Remuneration Committee has responsibility for the following matters:

- Agreeing the framework for the Group's remuneration policy for Directors and key management personnel, including determining individual remuneration policies for Executive Directors
- Approving the design and targets for short and long-term incentive plans, including share option plans
- Determining the policy and scope of pension arrangements
- Ensuring contractual terms and payments made on termination are fair to both the individual and the Group
- Agreeing the policy for authorising expense claims by the Chair and Chief Executive Officer

The Committee aims to set levels of remuneration for Executive Directors that are sufficient to attract, retain and motivate Directors of the quality required, without paying more than necessary, and that are appropriate for the size and complexity of the Group. It aims to see that a significant proportion of each Executive Director's remuneration package is performance-related.

During the period under review, the Committee has met three times on a formal basis. The Committee is expected to meet formally twice a year.

The Remuneration Committee comprises of Max Royde and Ian Kershaw, who are Non-Executive Directors of the Company.



Remuneration practice overview

The Committee believes in pay for performance and that Executive Directors' remuneration should be designed to promote the long-term success of the Group.

When reviewing and setting remuneration policy, the Committee benchmarks remuneration against quoted companies of a similar size and considers a range of factors including the Group's strategy and circumstances, the prevailing economic environment and best practice guidelines. The policy must also enable IQGeo Group plc to attract, retain and motivate the talent it needs to ensure success.

The remuneration of the Non-Executive Directors is determined by the Executive Directors and the Chair, rather than the Committee.

Remuneration of Executive Directors

The Executive Directors are entitled to receive base salary, benefits, employer pension contributions and to participate in share option schemes approved by the Remuneration Committee.

The appointment of the Chief Executive Officer and the Chief Financial Officer is terminable on six months' notice by either party.

Base salary

Base salaries are reviewed annually, and adjustments made if required to reflect Group performance, individual performance and market rates. Remuneration is through the Group's flexible benefits scheme under which the individuals can elect to switch basic salary into pension contributions and other benefits.

Benefits

The Group offers benefits to all employees, including life assurance and healthcare solutions, appropriate to each of the markets in which it operates.

Bonuses

Executive Directors are eligible to participate in an annual bonus programme, which is calculated by reference to the annual financial and operational targets including orders, revenue, operating cash flow and goal-driven objectives.

Pensions

The Group operates a defined contribution personal pension scheme in the UK, and similar schemes in other countries. Under the UK scheme rules the Group pays a matched contribution of up to 5% of base salary as adjusted for current pension and tax legislation. The scheme is open to Executive Directors and employees.

Remuneration of Non-Executive Directors

The Non-Executive Directors have entered into letters of appointment with the Company. The appointments are terminable on one month's notice by either party.

The appointment of the Non-Executive Chair is terminable on six months' notice by either party.

Remuneration Committee report continued

Directors' remuneration

The Directors received the following remuneration during the year:

Director	Basic salary £'000	Benefits in kind £'000	Performance payments £'000	2022 total excluding pensions £'000	Pensions £'000	**Total 2022 £'000**	Total 2021 £'000
Richard Petti[1]	234	5	170	409	5	**414**	363
Haywood Chapman[2]	180	5	100	285	10	**295**	262
Executive Directors	414	10	270	694	15	**709**	625
Paul Taylor[3]	85	—	—	85	—	**85**	84
Robert Sansom[4]	—	—	—	—	—	**—**	—
Ian Kershaw[5]	35	—	—	35	—	**35**	31
Max Royde[6]	35	—	—	35	—	**35**	31
Andy MacLeod[7]	35	—	—	35	—	**35**	33
Carolyn Rand[8]	35	—	—	35	—	**35**	21
Non-Executive Directors	225	—	—	225	—	**225**	200
Total	639	10	270	919	15	**934**	825

1. Richard Petti is entitled to a performance-related bonus of up to £170,000 and receives a car allowance of £9,000. Richard was appointed as a Director of the Company on 14 December 2017.
2. Haywood Chapman is entitled to a performance-related bonus of up to £100,000. Haywood was appointed as a Director of the Company on 25 September 2020.
3. Paul Taylor was confirmed as Chair of the Company on 19 February 2019. The annual remuneration of the appointment is £85,000 effective 1 April 2021 (2020: £80,000).
4. Robert Sansom has waived his entitlement to annual remuneration of £35,000 (2020: £25,000 waived).
5. Ian Kershaw was appointed Non-Executive Director of the Company on 23 May 2015. The annual remuneration of the appointment is £35,000.
6. Max Royde was appointed Non-Executive Director of the Company on 31 October 2019. The annual remuneration of the appointment is £35,000 effective 1 April 2021 (2020: £20,000).
7. Andy MacLeod was appointed Non-Executive Director of the Company on 21 June 2019. The annual remuneration of the appointment is £35,000 effective 1 April 2021 (2020: £25,000).
8. Carolyn Rand was appointed Non-Executive Director of the Company on 26 May 2021. The annual remuneration of the appointment is £30,000 with an additional £5,000 per annum whilst Chair of the Audit Committee.

Share options

The Company issues share options to the Executive Directors and employees to reward performance and to align interests with those of the shareholders.

The aggregate emoluments disclosed above within Directors' remuneration do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

On 15 June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to Directors and employees of the Group. IQGeo Group plc granted a total of 2,221,000 options of two pence each in the Company during 2020 to the Directors, 330,000 options of two pence each were granted to the Executive Directors during 2021 and 230,000 shares of two pence each during 2022 under the same scheme with varying exercise prices as set out below. The options vest in portions of one-third on the first, second and third anniversaries of grant and have no further performance conditions other than ongoing employment on the date of vesting and of exercise. Awards will be subject to a two-year holding period from vesting point, with participants only permitted to sell shares sufficient to cover the exercise cost and any tax liability within this holding period.

Director	Award date Year	Fully vests Year	Expires Year	Exercise price £	Awards outstanding at 1 January 2022 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	**Awards outstanding at 31 December 2022 Number**	**Awards exercisable at 31 December 2022 Number**
Richard Petti	2020	2023	2030	0.460	1,600,000	—	—	—	**1,600,000**	**1,066,667**
Richard Petti	2021	2024	2031	1.050	150,000	—	—	—	**150,000**	**50,000**
Richard Petti	2022	2025	2032	1.134	—	150,000	—	—	**150,000**	**—**
Paul Taylor	2020	2023	2030	0.460	121,000	—	—	—	**121,000**	**80,667**
Haywood Chapman	2020	2023	2030	0.675	500,000	—	—	—	**500,000**	**333,333**
Haywood Chapman	2021	2024	2031	1.050	180,000	—	—	—	**180,000**	**60,000**
Haywood Chapman	2022	2025	2032	1.134	—	80,000	—	—	**80,000**	**—**
Total					2,551,000	230,000	—	—	**2,781,000**	**1,590,667**

Nomination Committee report

> The Nomination Committee recommends to the Board new Board appointments and considers succession plans at Board level.

Dr. Robert Sansom
Chair of the Nomination Committee

A summary of Committee composition and attendance is as follows:

Robert Sansom (Chair)	2 (2)
Paul Taylor	2 (2)

The IQGeo Nomination Committee is a sub-committee of the Board of Directors, tasked with evaluating Board composition and performance, and managing appointments to the Board when required.

The Nomination Committee comprises of Robert Sansom and Paul Taylor, who are Non-Executive Directors of the Company.

The Nomination Committee has responsibility for the following matters:

- Reviewing the size and composition of the Board to ensure that an appropriate mix of skills, knowledge and experience is achieved
- Succession planning for the Board and other key management roles
- Identifying and recommending to the Board candidates to fill Board vacancies
- Ensuring Non-Executive Directors are able to make the necessary time commitments to fulfil their role
- Ensuring Non-Executive Directors receive letters of appointment, detailing their responsibilities
- Making recommendations to the Board about the appointment, removal or continuation in office of any Director

During the period under review, the Nomination Committee has met twice on a formal basis. The Nomination Committee is expected to meet formally twice a year.

Prior to the 2022 financial year it was identified that the Board composition would be enhanced with the appointment of a Chief Technology Officer (CTO). At its meetings in the year, the Nomination Committee considered a shortlist of candidates put forward by the Executive following initial interview and assessment, a process which remained ongoing into 2023.

Directors' report

The Directors present their Annual Report on the affairs of the Group together with the audited financial statements for the year to 31 December 2022. The corporate governance report set out on pages 52 to 55 forms part of this report.

Incorporation and constitution

IQGeo Group plc is domiciled in England and incorporated in England and Wales under Company Number 05589712. IQGeo Group plc's Articles of Association are available on the Group's website at www.iqgeo.com.

Based on the country generating the greatest revenue, the main country of operation is the United States of America.

Principal activity

The Group delivers end-to-end geospatial software which improves productivity and collaboration across enterprise planning, design, construction and maintenance processes for telecoms and utility network operators. Our mobile-first enterprise solutions create and maintain an accurate view of complex network assets that is easily accessible by anyone, wherever and whenever needed.

Specialised applications combined with our open IQGeo Platform help network operators create a single source of network truth to meet their digital transformation ambitions and operational KPIs. Our award-winning solutions save time and money, and improve safety and productivity, while enhancing customer satisfaction.

Business review and key performance indicators

The Group's results are set out in the consolidated income statement on page 74 and are explained in the Chief Financial Officer's statement on pages 41 to 45. A detailed review of the business, its results and future direction is included in the Non-Executive Chair's statement on pages 10 and 11.

On 11 August 2022, the Group acquired Comsof NV ('Comsof') for a total consideration of up to €13 million. The consideration paid consisted of both cash and issue of IQGeo shares. Due to the timing of the acquisition, the impact on the consolidated income statement of the Group reflects only a partial year's results, the headline impacts being highlighted within the Annual Report.

Capital structure

The Company has one class of ordinary share of two pence each which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Details of the share capital of the Company, including shares issued during the year, can be found in note 21 of the consolidated financial statements.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 22.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles of Association themselves may be amended by special resolution of the shareholders.

During May 2022 the Group issued 160,266 ordinary shares to the sellers of OSPI as part payment of deferred acquisition consideration. During August 2022 the Group issued 777,657 ordinary shares as part of the Comsof consideration to a vendor and ongoing employee and placed 2,800,000 new ordinary shares at 125 pence through a placing exercise to raise funds for the acquisition. During the year 184,998 new shares were issued on exercise of employee share options.

As at 31 December 2022, the Company had 61,438,617 ordinary shares in issue (2021: 57,515,696).

Directors

The Directors serving at 31 December 2022 were as follows:

Richard Petti
Haywood Chapman
Paul Taylor
Robert Sansom
Ian Kershaw
Max Royde
Andrew MacLeod
Carolyn Rand

Substantial shareholdings

As at 31 December 2022, the Company had been notified of the following significant interests in its ordinary share capital:

	Total holding Number	% of issued share capital
Kestrel Partners	16,166,506	26.3
Columbia Threadneedle Investments	10,985,118	17.9
Canaccord Genuity Group Inc	6,533,500	10.6
Robert Sansom	4,420,729	7.2
Charles Stanley (retail)	3,229,921	5.3
NFU Mutual Insurance Society Ltd	2,787,817	4.5
Herald Investment Management	2,740,585	4.5

Board changes

There were no changes in the year (2021: Carolyn Rand was appointed to the Board on 26 May 2021 as a Non-Executive Director).

Directors' interests – shares

Directors' interests in the ordinary shares of IQGeo Group plc at 31 December 2022 were as follows:

	2022 Number	2021 Number
Paul Taylor	**263,562**	255,562
Richard Petti	**221,077**	205,077
Haywood Chapman	**131,228**	131,228
Robert Sansom	**4,420,729**	4,216,329
Ian Kershaw	**79,678**	59,418
Andrew MacLeod	**104,103**	64,103
Carolyn Rand	**10,000**	–
Total	**5,230,377**	4,931,717

Max Royde has no direct interest in the ordinary shares of IQGeo Group plc but is a partner with the significant shareholder Kestrel Partners. During the year, Ian Kershaw acquired 12,600 shares at a price of 203.9 pence on 6 December 2022. Aligned with the Company share placing in support of the acquisition of Comsof, on 18 August 2022, the following shares were acquired at a price of 125 pence per share: Paul Taylor – 8,000; Richard Petti – 16,000; Robert Sansom – 204,400; Ian Kershaw – 8,000; Andy MacLeod – 40,000; and Carolyn Rand – 10,000.

There has been no change in the Directors' interests set out above between 31 December 2022 and 24 March 2023.

Directors' interests

Details of Directors' remuneration and share options are provided in the Remuneration Committee report on pages 58 to 60. There are no loans to or from the Directors.

Directors' indemnity arrangements

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Financial instruments

Principal financial risks and mitigating activities have been set out within the strategic report. Additionally, note 25 to the financial statements provides further details in respect of credit risk, market risk and liquidity risk.

Research and development

During the year, the Group has been active in the development of software. In the opinion of the Directors, continuity of the investment in software development is essential for the long-term growth of the business. The Board regularly reviews the IQGeo product roadmap to ensure its competitiveness.

Going concern review

The Board has considered the going concern position of the Group, which is discussed further in note 3 to the financial statements.

Post-balance sheet events

There are no post-balance sheet events to report.

Future developments in the business

Future developments are discussed within the Chair's statement and the Chief Executive Officer's statement included within the strategic report.

Dividends

The Directors do not recommend payment of a dividend for the year (2021: £nil).

Disclosure of information to auditor

Each of the Directors confirms that:

- so far as he or she is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware; and
- he or she has taken all the steps he or she ought to have taken as a Director to make himself or herself aware of any such relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as the Group's auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the Directors will be authorised to determine the auditor's remuneration.

Approved by the Board of Directors and signed on behalf of the Board.

Haywood Chapman
Chief Financial Officer and Company Secretary

24 March 2023

IQGeo Group plc

Registered number: 05589712

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland). Under company law the Directors must not approve the financial statements unless they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the consolidated financial statements
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements
- 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. They 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.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of IQGeo Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of IQGeo Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows, the company balance sheet, the company 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 the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the group and the parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing management's base case cash flow forecasts covering the period to 31 March 2024;
- challenging the underlying assumptions used in the forecasts;
- evaluating the impact of management's sensitivity analysis and availability of mitigating actions; and
- assessing the accuracy of management's past forecasting and assessing the adequacy of related disclosures within the annual report.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model, including effects arising from macro-economic uncertainties, such as increase in market interest rates and cost of inflation in the UK. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

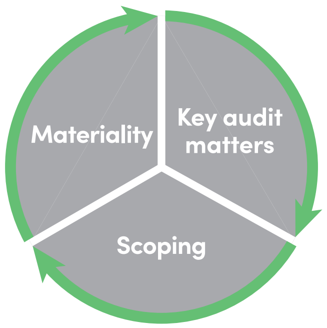
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 group's and the parent 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.

Independent auditor's report continued

to the members of IQGeo Group plc



Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £368,000, which represents 1.5% of the group's revenue, determined at the planning stage of the audit.

Parent company: £239,000, which represent 1% the parent company's total assets, restricted to 65% of group materiality for group audit purposes.

Key audit matters were identified as:

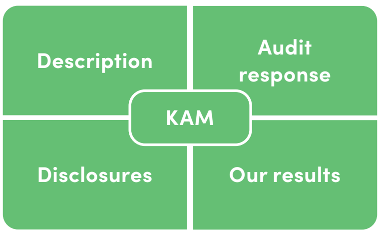
- improper recognition of revenue due to fraud (same as previous year);
- valuation of goodwill and acquired intangible assets recognised on the Comsof NV acquisition (new);
- capitalisation of development costs may not be appropriate (same as previous year);
- capitalised development cost may be impaired (same as previous year); and
- recoverable value of investments and amounts due from subsidiary undertakings – parent company only (same as previous year)

Our auditor's report for the year ended 31 December 2021 included no key audit matters that have not been reported as key audit matters in our current year's report.

We performed audits of the financial information of the components using component materialities (full-scope audit) for the parent company, IQGeo Group plc, and the components, IQGeo UK Limited, IQGeo America Inc, and Comsof NV.

We performed analytical procedures on the financial information of the remaining components of the Group: IQGeo Solutions Canada Inc, IQGeo Japan KK, and IQGeo Germany GmbH.

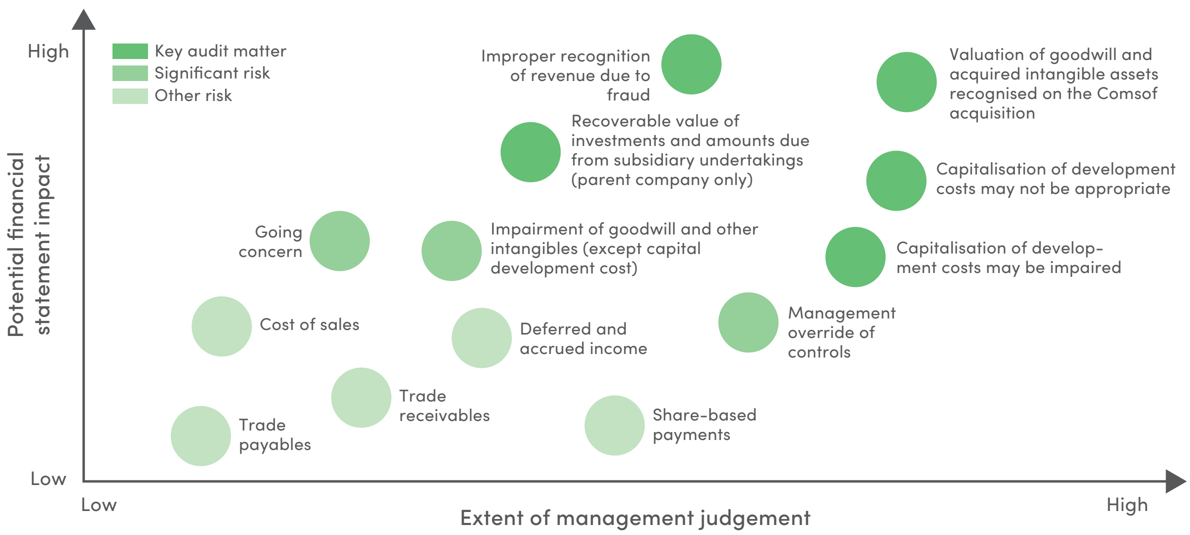
In the prior year, the financial information of IQGeo Solutions Canada Inc. was subject to full-scope audit and the financial information of IQGeo Japan KK was subject to specified procedures. The financial information of these components was subject to analytical procedures in the current year, based on their relative significance to the group, determined by our current year assessment.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group	How our scope addressed the matter – Group
Improper recognition of revenue due to fraud We identified improper recognition of revenue due to fraud as one of the most significant assessed risks of material misstatement due to fraud. Under International Standard on Auditing (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumption that there are risks of fraud in revenue recognition. There is a risk with regard to occurrence of revenue recognised during the year and revenue not being recognised in accordance with the group's accounting policies. The group has recognised revenue of £26.6m (2021: £13.9m) during the current year. The group's revenue includes sales of software, maintenance and support, software subscription, labour and installation services. The group's revenue is material to the financial statements and comprises multiple distinct performance obligations which brings complexity to how revenue is recognised. Revenue recognition is dependent upon correct application of the five-step model framework set out in International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. Management has complexities in determining the transaction price, identifying the relevant distinct performance obligations, ensuring the revenue allocated to the performance obligation is based on standalone pricing and appropriate allocation of discount, and also recognising revenue appropriately over time or at a point in time. **Relevant disclosures in the Annual Report 2022** • Financial statements: Note 3, Summary of significant accounting policies – group's accounting policy on revenue recognition; Note 4, Critical accounting judgements and key sources of estimation and uncertainty; and Note 5, Business information.	In responding to the key audit matter, we performed the following audit procedures: • Performed a walkthrough of revenue transactions in order to identify whether controls have been designed and implemented effectively. • Assessed revenue recognition policies for consistency and compliance with IFRS 15. • Performed analytical procedures over revenue disaggregated by revenue stream and identified key movements compared to the prior year and significant transactions which have occurred in the year, and obtained explanations and corroborated evidence for key movements and significant transactions identified. • Obtained an understanding of the basis for pricing of revenue streams within contracts and considered performance obligations to assess whether revenue is being recognised in accordance with IFRS 15 and the allocation of discounts across performance obligations. • For software revenue, agreed a sample of revenue items from the sale of software to either customer confirmation of receipt of access to new licences, or purchase orders for renewal of licences. • For maintenance and support revenue, agreed a sample of revenue items from the sale of maintenance and support service to purchase orders received, and recalculated revenue for the year based on the contract periods. • For labour and installation services revenue, agreed a sample of revenue to signed contracts or purchase orders and traced a sample of time booked to revenue to timesheets, subcontractor invoices or other supporting documentation. • For subscription contracts, evaluated the standalone pricing and recalculated the allocation of discounts across the distinct performance obligations for a sample of revenue. • For contracts with demand points, obtained an understanding of the nature of the arrangements, contract term and the basis of satisfying the performance obligation, being either over time or at a point in time. • For a sample of deferred and accrued income balances across all revenue streams, recalculated revenue recognised and agreed to invoices and other supporting documentation. • Performed procedures with an element of unpredictability on revenue cut off, deferred and accrued income. **Our results** Based on our audit work, we have not identified any material misstatements in the occurrence of revenue recognised during the year or any instances of revenue not being recognised in accordance with the stated accounting policies.

Independent auditor's report continued

to the members of IQGeo Group plc

Key audit matters continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of goodwill and acquired intangible assets recognised on the Comsof NV acquisition We identified valuation of goodwill and acquired intangible assets recognised on the Comsof NV acquisition as one of the most significant assessed risks of material misstatement due to error. There is a risk that the intangible assets on acquisition of Comsof NV are not recognised in accordance with IFRS 3 'Business Combinations', and the fair value of intangible assets are misstated as there is significant judgement and complexity in performing such valuations which are reliant on management's forecasts of future cash flows, which are inherently subjective. The group recognised goodwill of £6.6m, and other intangibles of £2.8m, which comprised mainly of customer relationships and intellectual property intangible assets. **Relevant disclosures in the Annual Report 2022** • Financial statements: Note 3, Summary of significant accounting policies – group's accounting policy on business combinations; Note 4, Critical accounting judgements and key sources of estimation and uncertainty; Note 6, Acquisitions; and Note 13, Intangible assets.	In responding to the key audit matter, we performed the following audit procedures: • Obtained the valuation report prepared by management's expert supporting the recognition of intangible assets and agreed to the disclosure in the financial statements. • Consulted with our internal valuation experts on the appropriateness of the basis and methodology adopted for the valuation models provided. • Checked the appropriateness of discount rates and growth rates and source of management's forecasts included in the valuation. • Agreed the fair value of consideration paid to cash payments and the issue of shares, and performed recalculations of deferred consideration. • Agreed the fair value of net assets acquired to the trial balance of Comsof NV at the acquisition date. • Reviewed the sale and purchase agreement (SPA) to check control of the entity had passed to the group on the date asserted by management. • Assessed whether the disclosures made are in accordance with IFRS 3. **Our results** • Based on our audit work, we are satisfied that the assumptions made in management's valuation of separable intangibles arising on the acquisition of Comsof NV are appropriate and adequate disclosures have been made in the financial statements.
Capitalisation of development costs may not be appropriate We identified capitalisation of development costs may not be appropriate as one of the most significant assessed risks of material misstatement due to error. During the year, the group capitalised £2.9m (2021: £1.9m) of development costs in relation to various projects. In capitalising these costs, management makes judgements and assumptions when assessing each project according to IAS 38 'Intangible Assets' recognition criteria. Judgement is required to determine whether the recognition criteria are met, in particular, in respect of the future economic benefit that will be generated and the intention of the group to complete development. The level of judgement involved leads to a risk that development costs may be capitalised inappropriately. **Relevant disclosures in the Annual Report 2022** • Financial statements: Note 3, Summary of significant accounting policies – group's accounting policy on research and development expenditure; Note 4, Critical accounting judgements and key sources of estimation and uncertainty; and Note 13, Intangible assets.	In responding to the key audit matter, we performed the following audit procedures: • Performed a walkthrough test over the capitalisation of development costs and evaluated the design effectiveness of relevant controls. • Assessed product development activities alongside the qualifying nature of the projects, including obtaining an understanding from management of the details of projects capitalised and challenged whether they relate to additional functionality, enhancements or new product development, to check whether capitalisation is in accordance with the recognition criteria of IAS 38. • Challenged management's intention to complete new projects and the availability of resources to do this and corroborated this to future revenue and cost forecasts. • Recalculated the mathematical accuracy of capitalised amounts. • Agreed amounts capitalised to supporting evidence including timesheets. **Our results** Based on our audit work, we are satisfied that the capitalisation of development costs was appropriate.

Key Audit Matter – Group	How our scope addressed the matter – Group
Capitalised development costs may be impaired We identified capitalised development costs may be impaired as one of the most significant assessed risks of material misstatement due to error. The net book value of capitalised development costs at the year end amounted to £3.7m (2021: £2.5m). Capitalised development costs are amortised by the group to ensure the capitalised cost reflects the anticipated benefit of the development project to the group over time. In accordance with IAS 36 'Impairment of Assets' the group is required to assess at the end of each reporting period whether there are any indications that assets may be impaired. In order to assess whether there are any such indicators of impairment, management have identified the contracted and renewal revenues associated with each identifiable capitalised project over a three-year forecast period. There is a risk, given fast-moving technology, that developed products could become obsolete and will not be supported by future cash flows. Further, there is an inherent uncertainty involved in forecasting and discounting future cash flows, hence capitalised development costs may become impaired as of the year end. **Relevant disclosures in the Annual Report 2022** • Financial statements: Note 3, Summary of significant accounting policies – group's accounting policy on capitalised development valuation; Note 4, Critical accounting judgements and key sources of estimation and uncertainty; and Note 13, Intangible assets.	In responding to the key audit matter, we performed the following audit procedures: • Performed a walkthrough test over management's impairment review and evaluated the design effectiveness of relevant controls. • Obtained management's impairment indicator review and challenged their assessment over the existence of any impairment indicators. • Where the impairment indicators review is supported by sales data, we inspected supporting documents for their relevance and appropriateness. • With respect to sales forecasts, we challenged the underlying assumptions used in the forecasts. • Assessed the amortisation policy applied to capitalised development costs for consistency with the approach applied in the prior year and challenged the determination of the useful economic life. **Our results** Based on our audit work, we are satisfied that there are no indicators of impairment and the carrying value of capitalised development costs was appropriate.

Key Audit Matter – Parent company	How our scope addressed the matter – Parent company
Recoverable value of investments and amounts due from subsidiary undertakings We identified the recoverable value of investments and amounts due from subsidiary undertakings as one of the most significant assessed risks of material misstatement due to error. IQGeo Group plc holds investments in subsidiaries of £12.2m (2021: £1.7m) and has £43.9m (2021: £36.3m) due from subsidiary undertakings. The subsidiaries are not all generating profit and reporting net cash inflows from operations in the current year. There is a risk that the investments made and amounts due from subsidiary undertakings may not be recoverable. Management perform an impairment assessment over recoverability of these amounts and use of management forecasts of future cash flows which are inherently subjective and based on various assumptions. **Relevant disclosures in the Annual Report 2022** • Financial statements (parent only): Note 1, Principal accounting policies – investments and debtors; Note 1, Critical accounting judgements and key sources of estimation and uncertainty; Note 3, Investments; and Note 4, Debtors.	In responding to the key audit matter, we performed the following audit procedures: • Performed a walkthrough test over management's impairment review and evaluated the design effectiveness of relevant controls. • Obtained an understanding of how management have evaluated the recoverable amounts of intercompany debtors through cash settlement and net present value calculations. • Obtained management's impairment indicator review of investments in subsidiaries and intercompany balances and challenging management's assessment over the existence of any impairment indicators. • Challenged assumptions and inputs used in the models including forecasts, growth rates and discount rates. • Assessed whether information included in the impairment models is consistent with our knowledge of the business and other audit information obtained. **Our results** Based on our audit work, we are satisfied that management's assessment of the recoverable value of investments in subsidiaries and amounts due from subsidiary undertakings was appropriate.

Independent auditor's report continued

to the members of IQGeo Group plc

Our application of materiality

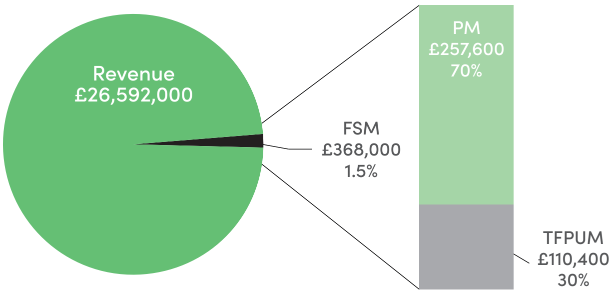
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

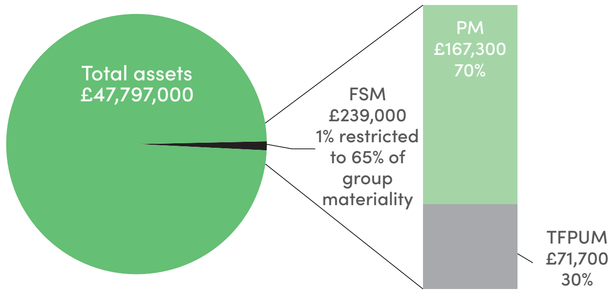
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£368,000, which is 1.5% of the group's revenue for the year, determined at the planning stage of the audit.	£239,000, which represents 1% of the parent company's total assets, restricted to 65% of group materiality for group audit purposes.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • We selected revenue as the benchmark for the current year opposed to loss before tax as it is less volatile and reflective of the activity levels and scale of the group's business. Revenue is one of the key performance measures for the group and is therefore of most interest to stakeholders. • We used 1.5% as an appropriate benchmark percentage as the group has no debt and the business is relatively stable. • Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 to reflect the increase in the group's revenue for the year. We considered the increase to be so significant that we reduced our measurement percentage in the current year to 1.5% from 2% used in the prior year.	In determining materiality, we made the following significant judgements: • The parent company does not generate trading revenues and holds investments in subsidiaries. • We considered total assets as the appropriate benchmark to use and the most appropriate percentage to be 1% based on the size and the complexity of the parent company. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 to reflect the materiality cap assigned to the parent company this year, which was higher.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£257,600, which is 70% of financial statement materiality.	£167,300, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • We determined a measurement percentage of 70% to be appropriate based on our assessment of the nature and extent of misstatements and control findings identified in our prior year audits of the group's financial statements and the strength of the group's control environment.	In determining performance materiality, we made the following significant judgements: • We determined a measurement percentage of 70% to be appropriate based on our assessment of the nature and extent of misstatements and control findings identified in our prior year audits of the parent company's financial statements and the strength of the parent company's control environment.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following area: • directors' remuneration.	We determined a lower level of specific materiality for the following area: • directors' remuneration.
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the Audit Committee.	
Threshold for communication	£18,400 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£12,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements.

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level.
- The group's finance function is based at the group's head office in Cambridge, UK, which provides accounting and administrative support for the group's operations.
- The group has centralised processes and controls over the key areas of audit focus. Group management are responsible for all judgemental process and significant risk areas.
- During the current year, the group acquired a subsidiary, and the engagement team extended their understanding over the key areas of audit focus relating to the operations of the newly acquired subsidiary.

Identifying significant components

- We considered the size and risk profile of each component, any changes in the business and other factors when determining the level of work to be performed on the financial information of each component. Financial significance of each component was determined based on the benchmarks we considered appropriate for each component and this included component contribution to percentage of the group's total assets, revenue and loss before tax.
- We also considered the changes to the group structure, which includes acquisition of the new subsidiary during the year. We considered its relative significance to the group including audit considerations associated with acquisition accounting.
- In assessing the risk of material misstatement to the group financial statements we assessed the significance of each component and determined the planned audit response based on a measure of materiality assigned to the components.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We performed an audit of the financial statements of the parent company, IQGeo Group plc, focusing on the key audit matters, using parent company materiality.
- Audits of the financial information using component materiality ('full-scope audits') were performed on the financial information of the parent company, IQGeo Group plc, and the following subsidiaries in the Group: IQGeo UK Limited, IQGeo America Inc., and Comsof NV.
- Analytical procedures were performed on the financial information of IQGeo Solutions Canada Inc., IQGeo Japan KK and IQGeo Germany GmbH.
- Our audit approach in the current year is consistent with the audit approach adopted for the year ended 31 December 2021 being substantive in nature.

Performance of our audit

- As noted above, the Group has a centralised finance function, based at the group's head office in Cambridge, UK. All procedures were performed by the group engagement team; there are no component auditors.
- The total percentage coverage of full-scope audit, and specified audit procedures over the group's revenue, was 80%.
- The total percentage coverage of full-scope audit, and specified audit procedures over the group's total assets, was 91%.

Changes in approach from previous period

- There has been no change in our assessment of scoping the group and the parent company audit from the prior year except for:
  - Extending the scope of our audit to include the acquisition of the subsidiary Comsof NV by the group during the current year.
  - Changing the scope of procedures for certain components based on their relative significance to the group.
- The table overleaf provides a summary of our audit approach to the components of the group and the coverage

Independent auditor's report continued

to the members of IQGeo Group plc

An overview of the scope of our audit continued

Changes in approach from previous period continued

Audit approach	No. of components	% coverage Total assets	% coverage Revenue
Full-scope audit	4	91%	80%
Analytical procedures	4	9%	20%

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement set out on page 64, 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 parent company and the group, and determined that the most significant are those that relate to the financial reporting frameworks, being UK-adopted international accounting standards and the Companies Act 2006 (for the group) and United Kingdom Generally Accepted Accounting Practice (for the parent company), together with the AIM Rules for Companies and the relevant tax compliance regulations in the jurisdictions in which the parent company and the group operate.
- We made enquiries of management and the Audit Committee concerning the group's policies and procedures relating to: the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations. We corroborated our enquiries through our reading of Board meeting minutes.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries that increased revenue or that reclassified costs from the income statement to the balance sheet.
  - Determining the basis of recognition of income over contracts when there are significant judgements involved.
  - Potential management bias in determining accounting estimates, especially in relation to initial recognition of intangible assets on acquisition and subsequent impairment assessment of acquired intangibles including goodwill and determining the fair value of contingent consideration.
- Our audit procedures involved:
  - Gaining an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - Assessing the design and implementation of controls management has in place to prevent and detect fraud and the adequacy of procedures for authorisation of transactions and internal review procedures.
  - Challenging assumptions and judgements made by management in their significant accounting estimates.
  - Performing journal entry testing with a focus on material manual journals, including those with unusual account combinations.
  - Completing audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
  - Knowledge of the industry in which the client operates.
  - Understanding of the legal and regulatory requirements specific to the entity.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Anthony Thomas BSc FCA
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London

24 March 2023

Consolidated income statement
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	5	**26,592**	13,849
Cost of revenue		**(10,927)**	(5,052)
Gross profit		**15,665**	8,797
Operating expenses		**(17,191)**	(11,371)
Operating loss		**(1,526)**	(2,574)
Analysed as:			
Gross profit		**15,665**	8,797
Other operating expenses		**(13,767)**	(9,626)
Adjusted EBITDA		**1,898**	(829)
Depreciation	14, 15	**(447)**	(315)
Amortisation	13	**(2,241)**	(1,656)
Share option expense		**(303)**	(282)
Unrealised foreign exchange gains/(losses) on intercompany trading balances		**574**	(42)
Non-recurring items	10	**(1,007)**	550
Operating loss		**(1,526)**	(2,574)
Finance income	9	**—**	7
Finance costs	9	**(288)**	(174)
Loss before tax		**(1,814)**	(2,741)
Income tax	11	**901**	812
Loss for the year		**(913)**	(1,929)

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	2022 £'000	2021 £'000
Loss for the year	**(913)**	(1,929)
Other comprehensive income:		
Exchange difference on retranslation of net assets and results of overseas subsidiaries	**417**	170
Total comprehensive loss for the year	**(496)**	(1,759)

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Ordinary share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021	1,146	22,494	190	476	739	(1,786)	(4,868)	18,391
Loss for the year	–	–	–	–	–	–	(1,929)	(1,929)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	–	–	–	–	–	170	–	170
Total comprehensive loss for the year	–	–	–	–	–	170	(1,929)	(1,759)
Issue of shares – acquisition (OSPI)	3	–	–	–	220	–	–	223
Exercise of share options	1	13	(6)	–	–	–	6	14
Lapse of share options	–	–	(12)	–	–	–	12	–
Equity-settled share-based payment	–	–	282	–	–	–	–	282
Transactions with owners	4	13	264	–	220	–	18	519
Balance as at 31 December 2021	1,150	22,507	454	476	959	(1,616)	(6,779)	17,151
Loss for the year	–	–	–	–	–	–	(913)	(913)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	–	–	–	–	–	417	–	417
Total comprehensive loss for the year	–	–	–	–	–	417	(913)	(496)
Exercise of share options	4	109	(30)	–	–	–	30	113
Issue of shares – acquisition (Comsof)	16	–	–	–	957	–	–	973
Deferred consideration – (OSPI)	3	–	–	–	237	–	–	240
Issue of shares – associated costs	–	(95)	–	–	–	–	–	(95)
Issue of shares – fundraise	56	3,444	–	–	–	–	–	3,500
Lapse of share options	–	–	(93)	–	–	–	93	–
Equity-settled share-based payment	–	–	303	–	–	–	–	303
Transactions with owners	79	3,458	180	–	1,194	–	123	5,034
Balance as at 31 December 2022	**1,229**	**25,965**	**634**	**476**	**2,153**	**(1,199)**	**(7,569)**	**21,689**

Consolidated statement of financial position

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Intangible assets	13	**20,029**	9,207
Property, plant and equipment	14	**310**	167
Right-of-use assets	15	**1,480**	1,336
Total non-current assets		**21,819**	10,710
Current assets			
Trade and other receivables	16	**11,064**	5,025
Corporation tax receivable		**662**	176
Cash and cash equivalents	17	**8,055**	11,499
Total current assets		**19,781**	16,700
Total assets		**41,600**	27,410
Liabilities			
Current liabilities			
Trade and other payables	18	**(16,217)**	(8,579)
Lease liabilities	20	**(417)**	(246)
Total current liabilities		**(16,634)**	(8,825)
Non-current liabilities			
Deferred income tax liabilities	11	**(802)**	–
Trade and other payables	18	**(996)**	–
Lease liability	20	**(1,479)**	(1,434)
Total non-current liabilities		**(3,277)**	(1,434)
Total liabilities		**(19,911)**	(10,259)
Net assets		**21,689**	17,151
Equity attributable to owners of the Company			
Ordinary share capital	21	**1,229**	1,150
Share premium	21	**25,965**	22,507
Share-based payment reserve		**634**	454
Capital redemption reserve		**476**	476
Merger relief reserve		**2,153**	959
Translation reserve		**(1,199)**	(1,616)
Retained earnings		**(7,569)**	(6,779)
Equity attributable to shareholders of the company		**21,689**	17,151

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2023 and signed on its behalf by:

Richard Petti
Chief Executive Officer

Haywood Chapman
Chief Financial Officer

IQGeo Group plc

Registered Number: 05589712

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Loss before tax from operating activities		**(1,814)**	(2,741)
Depreciation	14,15	**447**	315
Amortisation	13	**2,241**	1,656
Unrealised foreign exchange (gain)/loss on intercompany trading balances		**(574)**	42
Forgiveness of bank loan		**—**	(592)
Share-based payment charge		**303**	282
Finance income	9	**—**	(7)
Finance costs	9	**288**	174
Operating cash flows before working capital investment		**891**	(871)
Change in receivables		**(6,039)**	(2,175)
Change in payables		**7,051**	2,807
Cash used in operations before tax		**1,903**	(239)
Net income taxes received		**607**	984
Net cash flows from operating activities		**2,510**	745
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(170)**	(72)
Expenditure on intangible assets	13	**(2,900)**	(1,907)
Cash received on sale of RTLS SmartSpace business unit	7	**—**	2,500
Acquisition of subsidiaries, net of cash acquired	6	**(5,613)**	(580)
Interest received		**—**	7
Net cash flows (used in) investing activities		**(8,683)**	(52)
Cash flows from financing activities			
Payment of lease liability		**(444)**	(269)
Proceeds from the issue of ordinary share capital on exercise of options		**103**	14
Proceeds from the issue of ordinary share capital from fundraising, net of associated costs		**3,405**	—
Net cash flows (used in)/from financing activities		**3,064**	(255)
Net increase/(decrease) in cash and cash equivalents		**(3,109)**	438
Cash and cash equivalents at start of period		**11,499**	11,078
Exchange difference on cash and cash equivalents		**(335)**	(17)
Cash and cash equivalents at year end	17	**8,055**	11,499

Notes to the consolidated financial statements

for the year ended 31 December 2022

1 General information

IQGeo Group plc (the 'Company') and its subsidiaries (together, the 'Group') delivers geospatial software solutions that integrate data from any source – geographic, real-time asset, GPS, location, corporate and external cloud-based sources – into a live geospatial common operating picture, empowering all users in the customer's organisation to access, input and analyse operational intelligence to proactively manage their networks, respond quickly to emergency events and effectively manage day-to-day operations.

The Company is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange (IQG) and is incorporated and domiciled in the United Kingdom. The value of IQGeo Group plc shares, as quoted on the London Stock Exchange at 31 December 2022, was 188.5 pence per share (31 December 2021: 129.0 pence).

The address of its registered office is Nine Hills Road, Cambridge, CB2 1GE, United Kingdom.

The Group has its operations in the UK, USA, Canada, Belgium, Germany and Japan, and sells its products and services in over 40 countries globally. The Group legally consists of eight subsidiary companies headed by IQGeo Group plc at 31 December 2022 (seven at 1 January 2023).

The consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2023.

2 New accounting standards

The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies used are the same as set out in detail in the Annual Report and Accounts 2021 and have been applied consistently to all periods presented in the financial statements.

There were no new standards or amendments or interpretations to existing standards that became effective during the year that were material to the Group.

No new standards, amendments or interpretations to existing standards having an impact on the financial statements that have been published and that are mandatory for the Group's accounting periods beginning on or before 1 January 2022, or later periods, have been adopted early.

Standards and interpretations not yet applied by the Group

The following new standards and interpretations, which are yet to become mandatory and have not been applied in the Group's financial statements, are not expected to have a material impact on the Group's financial statements.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

3 Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements of IQGeo Group plc are prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS'). The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in GBP and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The preparation of these financial statements in conformity with IFRS requires the Directors to make certain critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Going concern basis

In determining the basis for preparing the consolidated financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the consolidated financial statements.

Management prepares detailed cash flow forecasts which are reviewed by the Board on a regular basis. The forecasts include assumptions regarding the opportunity funnel from both existing and new clients, growth plans, risks and mitigating actions. In particular, operating cash flow and profitability are highly sensitive to revenue mix and the positive contribution of continuing growth in software sales whether on a perpetual licence or subscription basis.

In reaching their going concern conclusion, the Directors have considered that the Group had cash of £8.1 million as at 31 December 2022 and sufficient working capital to continue operations. Management have also prepared analysis to support that even in the event of a significant downturn in performance, cash reserves are sufficient to continue trading.

The Group's forecasts and projections to 31 March 2024, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Group, therefore, continues to adopt the going concern basis in preparing the consolidated financial statements.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3 Summary of significant accounting policies continued

Consolidation

The Group financial statements include the results, financial position and cash flows of the Company and all of its subsidiary undertakings. Subsidiary undertakings are those entities controlled directly or indirectly by the Company. Control arises when the Company has the power to govern the financial and operating policies of an entity, uses this power to affect the returns from that entity and has exposure to variable returns from its investment in the entity.

Financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. Businesses acquired or disposed of during the year are accounted for using acquisition method principles from, or up to, the date control passed. Intra-group transactions and balances are eliminated on consolidation. All subsidiaries use uniform accounting policies for like transactions and other events and similar circumstances.

Foreign currencies

a. Functional and presentation currency

The functional currency of each Group entity is the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in GBP.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency of each Group entity using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the period end date. Such exchange differences are included in the consolidated income statement within "operating expenses". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

c. Consolidation

For the purpose of presenting consolidated financial statements, the results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency other than GBP are translated into GBP as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rate at the period end date;
- income and expenses for each income statement are translated at the exchange rate ruling at the time of each period the transaction occurred; and
- all resulting exchange differences are recognised in other comprehensive income.

Business reporting

IFRS 8 requires a "management approach" under which information in the financial statements is presented on the same basis as that used for internal management reporting purposes.

The Group is organised on a global basis. The Directors believe that the Chief Operating Decision Maker (CODM) is the Chief Executive Officer of the Group. The CODM and the rest of the Board are provided with information as a single business unit to assess its financial performance.

The internal management accounting information is prepared on an IFRS basis but has non-GAAP "adjusted EBITDA" as the primary measure of profit and this is reported on the face of the consolidated income statement.

Revenue recognition

Revenue represents the consideration that the entity expects to receive for the sales of goods and services net of discounts and sales taxes. Revenue is recognised based on the distinct performance obligations under the relevant customer contract as set out below. Where goods and/or services are sold in a bundled transaction or on a subscription basis, the Group allocates the total consideration under the contract to the different individual elements based on actual amounts charged by the Group on a standalone basis.

Revenue is recognised at different points in time, upfront, over time and at points in time, as described below. Such recognition takes into consideration the term of the licence granted or services to be provided as much as the term of any longer agreement that the licencing and services are provided within. Where there are recognisable points which require actions from the customer and/or the Company, which includes the renewal of annual licences within a term contract, the Company recognises revenue only to the next renewal point to reflect inherent uncertainties of future revenues and separate performance obligations. Revenue is recognised either on a subscription/monthly basis or upfront annually dependent on the basis of the agreement and services to be provided or upfront for the term of the licence where there are no separate performance obligations or renewal points within the customer agreement.

Recurring IQGeo Product revenue – subscription

Subscription services, which may include hosting services, are considered to be a single distinct performance obligation due to the promises stated within the contract. Revenue is recognised evenly over the subscription period as the customer receives the benefits of the subscription services.

Recurring IQGeo Product revenue – maintenance and support

Maintenance and support is recognised on a straight-line basis over the term of the contract, which is typically one year. Revenue not recognised in the consolidated income statement is classified as deferred revenue on the consolidated statement of financial position.

Perpetual software
Software is also sold under perpetual licence agreements. Under these arrangements revenue is recognised at a point in time, when the software is made available to the customer for use, provided that all obligations associated with the sale of the licence have been fulfilled.

If contracts include performance obligations which result in software being customised or altered, the software cannot be considered distinct from the labour service. Revenue recognition is dependent on the contract terms and assessment of whether the performance obligation is satisfied over time. If the conditions of IFRS 15 to recognise revenue over time are not satisfied, revenue is deferred until the software is available for customer use, because once software has been installed by the customer, the Group has no further obligations to satisfy.

Demand points revenue (Comsof products)
Annual licence revenue
For Comsof software products which are sold within an agreement based on demand points and which contain an annual licence renewal, revenue is recognised annually upfront. Hosting or associated services within the same agreement are recognised over time. This reflects that whilst the contractual term may extend across multiple annual renewals, there is a trigger at the annual renewal which if not met could cause the contract to be terminated.

Term licence revenue
For Comsof software products which are sold within an agreement based on demand points, which is for a fixed period, but which does not contain an annual licence renewal, revenue is recognised in full upfront. Hosting or associated services within the same agreement are recognised over time. This reflects that the customer has the benefit of the software for the duration of the term contract.

Services
Services revenue includes consultancy and training. Services revenue from time and materials contracts is recognised in the period that the services are provided on the basis of time worked at agreed contractual rates and as direct expenses are incurred.

Revenue from fixed price, long-term customer-specific contracts is recognised over time following assessment of the stage of completion of each assignment at the period end date compared to the total estimated service to be provided over the entire contract where the outcome can be estimated reliably. If a contract outcome cannot be estimated reliably, revenues are recognised equal to costs incurred, to the extent that costs are expected to be recovered. An expected loss on a contract is recognised immediately in the consolidated income statement.

Timing of payment
Maintenance and support income and subscription income is invoiced annually in advance at the commencement of the contract period. Other revenue is invoiced based on the contract terms in accordance with performance obligations. Amounts recoverable in contracts (contract assets) relate to our conditional right to consideration for completed performance obligations under the contract prior to invoicing. Deferred income (contract liabilities) relates to amounts invoiced in advance of services performed under the contract.

Employee benefits
a. Retirement benefits
The Group operates various defined contribution pension arrangements for its employees.

For defined contribution pension arrangements, the amount charged to the consolidated income statement represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position.

b. Share-based payments
The Group issues equity-settled share-based payments to certain employees. Vesting conditions are continuing employment. Equity-settled share-based payments are measured at fair value at the date of grant using an appropriate pricing model. The fair value is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity in the share-based payment reserve. Non-market vesting conditions include assumptions about the number of options expected to vest.

Non-recurring items
Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material one-off items of income or expense that have been shown separately due to the significance of their nature or amount and do not reflect the ongoing cost base or revenue-generating ability of the Group.

Interest income and expense
Interest income and expense is included in the consolidated income statement on a time basis, using the effective interest method by reference to the principal outstanding.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3 Summary of significant accounting policies continued

Tax

The tax charge or credit comprises current tax payable and deferred tax:

a. Current tax

The current tax charge represents an estimate of the amounts payable or receivable to or from tax authorities in respect of the Group's taxable profits and is based on an interpretation of existing tax laws. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible. Taxation received is recognised only when it is probable that the Group is entitled to the asset.

b. Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax is recognised as a component of tax expense in the consolidated income statement, except where it relates to items charged or credited directly to other comprehensive income or equity when it is recognised in other comprehensive income or equity.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their provisional fair values at the acquisition date. Fair values are reassessed during the measurement period and updated if required. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the consolidated income statement. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the net fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs relating to ongoing obligations of customer contracts are expensed.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is only capitalised if all of the following conditions are met:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Internally generated intangible assets, consisting mainly of direct labour costs, are amortised on a straight-line basis over their useful economic lives. Amortisation is shown within administrative expenses in the consolidated income statement. The estimated useful lives of current development projects are three years. Upon completion the assets are subject to impairment testing if impairment triggers are identified, based on expected future sales.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets

Intangible assets that are purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised at cost and amortised on a straight-line basis over their useful economic life, which is typically three years.

Customer relationships acquired following a business combination are amortised on a straight-line basis over their useful economic life, which is ten years.

Brands acquired following a business combination are amortised on a straight-line basis over their useful economic life, which is two to five years.

Intellectual property acquired following a business combination is amortised on a straight-line basis over its useful economic life, which is five years.

Acquired software recognised following a business combination is amortised on a straight-line basis over their useful economic life, which is three years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the consolidated income statement so as to write off the cost or valuation less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Fixtures and fittings: three to ten years, or period of the lease if shorter
- Computer equipment: three years

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Leased assets

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been presented as non-current assets and lease liabilities presented within current and non-current liabilities.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested at least annually for impairment and whenever there is an indication that the asset may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss is reversed, it is reversed to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3 Summary of significant accounting policies continued

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

Share-based payment reserve

The share-based payment reserve relates to a cumulative charge made in respect of share options granted by the Company to the Group's employees under its employee share option plans.

Capital redemption reserve

The capital redemption reserve relates to the repurchase and subsequent cancellation of issued ordinary share capital.

Merger relief reserve

The merger relief reserve relates to the issue of shares as consideration for acquisitions of direct or indirect 100% owned subsidiaries within the Group.

Translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency of GBP, are recognised directly in other comprehensive income and accumulated in the translation reserve.

Retained earnings

Retained earnings include all current and prior period retained profits/losses.

4 Critical accounting judgements and key sources of estimation and uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Capitalisation of development costs

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical and commercial feasibility is demonstrable. The carrying amount of capitalised development costs at 31 December 2022 is £3.8 million (2021: £2.5 million). After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Revenue recognition

Significant management judgement is applied in determining the distinct performance obligations included within contracts involving multiple deliverables. In particular, where additional services are sold alongside perpetual licence sales, management must make an assessment if contracts include performance obligations which would result in software being customised or altered, prior to reaching a conclusion as to whether the software can or cannot be considered distinct from the labour service. Significant judgement is required around the duration of a licence agreement where the contractual term extends beyond an annual licence renewal in determining whether revenue should be recognised over the contractual term or the licence term. In making this judgement, management consider historic practice of renewals, contractual termination clauses, interaction with the licence renewal terms and enforceability of termination clauses contained within. This includes the certainty over such revenues given the changing nature of a customer's requirements through the lifecycle of the product's utilisation and the Group's ability to provide a stack of products that can change through a customer's journey.

For each identified significant performance obligation, management are required to determine which obligations meet the criteria to recognise revenue over time. As revenue from fixed price services agreements is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. This requires an estimate of the time and value to deliver the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue requires the estimated number of hours required to complete the promised work.

Deferred tax

A deferred tax asset is recognised where the Group considers it probable that future taxable profits will be available against which the tax credit will be utilised in the future. This specifically applies to tax losses and to outstanding vested share options at the statement of financial position date. In estimating the amount of the deferred tax asset that should be recognised, the Directors make judgements based on current budgets and forecasts about the amount of future taxable profits and the timings of when these will be realised.

Estimating uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Amortisation and impairment of development costs

Capitalised development costs are amortised over a three-year period which is management's estimate of the useful lives of current development projects. In reaching this conclusion, management have made assumptions in respect of future customer requirements and developments within the industry. These estimates have a high level of uncertainty and are matters outside of management's control.

The Group reviews capitalised development costs for indicators of impairment annually in accordance with the accounting policy stated in note 3. In assessing if an indication of impairment exists, management review current year sales of each product capitalised. For the majority of products capitalised, current year sales support management's assessment that no indication of impairment exists. Where current year sales do not support this conclusion, such as for new products developed, management are required to make assumptions of the future cash flows generated from these software products. This includes consideration of both the current business pipeline, the expected conversion of that pipeline and the future cash flows to be generated through recurring revenue contracts, including the application of a suitable discount rate.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

5 Business information

5.1 Operating segments

Management provides information reported to the Chief Operating Decision Maker (CODM) for the purpose of assessing performance and allocating resources. The CODM is the Chief Executive Officer.

The business delivers software solutions that integrate data from any source – geographic, real-time asset, GPS, location, corporate and external cloud-based sources – into a live geospatial common operating picture, empowering all users in the customer's organisation to access, input and analyse operational intelligence to proactively manage their networks, respond quickly to emergency events and effectively manage day-to-day operations. These geospatial operations are reported to the CODM as a single operating segment, which includes the operations of Comsof acquired during the year. Whilst the Comsof brand will be retained as part of the Company's product portfolio, the operations, people, sales, development, administration and systems have all been fully integrated into the IQGeo Group and amalgamated within the existing single operating segment.

5.2 Revenue by type

The following table presents the different revenue streams of the IQGeo Group:

Revenue by stream	2022 £'000	% of total revenue	2021 £'000	% of total revenue
Subscription	8,107	31%	3,964	29%
Maintenance and support	2,503	9%	1,787	13%
Recurring IQGeo product revenue	**10,610**	**40%**	5,751	42%
Perpetual software	1,138	4%	2,011	15%
Demand points software	3,357	13%	—	0%
Services	10,527	39%	5,089	36%
Non-recurring IQGeo product revenue	**15,022**	**56%**	7,100	51%
Total IQGeo product revenue	**25,632**	**96%**	12,851	93%
Geospatial services from third party products	960	4%	998	7%
Total revenue	**26,592**	**100%**	13,849	100%

5.3 Geographical areas

The Board and management team also review the revenues on a geographical basis, based around the regions where the Group has its significant subsidiaries or markets.

The Group's revenue from external customers in the Group's domicile, the UK, and its major worldwide markets have been identified on the basis of the customers' geographical location. Non-current assets are allocated based on their physical location.

The following table represents the Group's operational revenue and non-current assets by geographical region:

	Revenue		Non-current assets	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
UK	1,133	278	9,755	2,575
Europe	1,983	275	2,920	—
USA	17,867	9,211	8,308	8,129
Canada	2,893	2,297	2	1
Japan	1,867	1,556	891	5
Rest of World	849	232	—	—
Total	**26,592**	13,849	**21,876**	10,710

5.4 Information about major customers

During 2022, the Group had no customer who generated revenues of greater than 10% of total revenue.

During 2021, the Group had no customer who generated revenues of greater than 10% of total revenue.

6 Acquisitions

On 11 August 2022, the Group acquired 100% of the equity instruments of Comsof NV ('Comsof'), a business based in Ghent, Belgium, thereby obtaining control. Comsof had a wholly owned subsidiary based in Toronto, Canada, Comsof Technologies America Ltd. Effective 1 January 2023, ownership of Comsof Technologies America Ltd was transferred directly under IQGeo Group plc ownership and amalgamated with IQGeo's existing Canadian subsidiary IQGeo Solutions Canada Inc.

Comsof and contribution to the Group results

The acquisition of Comsof was concluded on 11 August 2022, with 100% of the share capital acquired with the total consideration of up to £11.1 million (up to €13.0 million) of which assets and liabilities as shown below were acquired and recognised, including £2.5 million of cash. Consideration shown below of £10.5 million includes a fair value adjustment from the £11.1 million total consideration above, which is expected to be recognised as a finance charge through the consolidated income and expenditure statement through the current year, 2023 and 2024.

	£'000
Fair value of the consideration transferred	
Amount settled in cash	7,503
Amount settled in shares	972
Fair value of contingent consideration	2,035
Total fair value consideration	**10,510**
Recognised amounts of identifiable net assets	
Right-of-use assets	233
Intangible assets	2,834
Tangible assets	56
Total non-current assets	**3,123**
Cash and cash equivalents	2,515
Trade and other receivables	1,155
Total current assets	**3,670**
Deferred tax liability	(841)
Lease liabilities	(172)
Total non-current liabilities	**(1,013)**
Trade and other payables	(1,738)
Lease liabilities	(89)
Total current liabilities	**(1,827)**
Identifiable net assets	**3,953**
Goodwill on acquisition	**6,557**
Consideration settled in cash	(7,503)
Cash acquired	2,515
Net cash outflow from acquisition	**(4,988)**

The consideration included up to £2.4 million (€3.0 million) as contingent consideration based on the achievement of contract awards to agreed demand point values and subsequent collection of cash in settlement of the first year's invoice values. At 31 December 2022, all contingent consideration was expected to be settled – 50% by April 2023 and 50% by March 2024 (and is subject to discount in the values recognised to reflect the timing of cash flows). The discounted consideration at 31 December 2022 is included within current liabilities (£1.2 million) and non-current liabilities (£1.0 million).

Contingent consideration was discounted on recognition in the current year with £0.2 million recognised as interest expense during the year 2022.

Funding for the acquisition was predominantly from cash reserves with £7.5 million (€8.85 million) in cash and £1.0 million (€1.15 million) through the issue of 777,657 new 2 pence ordinary shares at £1.25 per share. £3.5 million gross funds were raised in support of the acquisition through a placing of 2.8 million 2 pence ordinary shares at £1.25 each. Post acquisition, the Comsof business, comprising the Belgium-based parent and a Canadian-based subsidiary, contributed £4.8 million of revenue, generating (after Group charges) £1.2 million adjusted EBITDA.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

6 Acquisitions continued

OSPI

On 21 December 2020 the Group acquired 100% of the equity instruments of OSPInsight International Inc. ('OSPI'), a business based in Utah, USA, thereby obtaining control. The acquisition of OSPI was completed in December 2020. The acquisition included deferred consideration which was satisfied in December 2021 by cash payment of £0.58 million and the issue of 173,446 ordinary 2 pence shares of IQGeo Group plc.

The purchase agreement included additional consideration of up to £0.80 million subject to achievement of defined levels of recurring revenue invoicing and subsequent cash collection of those invoices during the year ended 31 December 2021. This earn out was settled in full in the year with a cash payment of £0.63 million and 160,266 2 pence ordinary shares issued in February 2022 as final settlement of all outstanding consideration.

7 Assets held for sale

There were no assets held for sale in the year or at 31 December 2021. During January 2021 the Group entered an agreement for and completed the sale of Abyssinian Topco Limited for a consideration of £2.5 million, an asset which had been held for sale at 31 December 2020. The sale resulted in no gain or loss being recorded in the consolidated income statement in 2021.

8 Employee information

8.1 Employee numbers

The number of people as at 31 December and the average monthly number of people employed during the year, including Executive Directors, was:

	Actual number of people as at 31 December		Average monthly number of people in the year	
By activity	**2022 Number**	2021 Number	**2022 Number**	2021 Number
Technical consultants	**68**	34	**47**	34
Sales & marketing	**54**	35	**44**	33
Research & development	**41**	21	**29**	23
Administration	**17**	12	**15**	11
	180	102	**135**	101

By geography	**2022 Number**	2021 Number	**2022 Number**	2021 Number
United Kingdom	**36**	22	**31**	21
Europe	**43**	2	**19**	3
North America	**95**	74	**80**	73
Asia	**6**	4	**5**	4
	180	102	**135**	101

8.2 Employee benefits

The aggregate employee benefit expense, including Executive Directors, comprised:

	2022 £'000	2021 £'000
Wages and salaries	**14,434**	10,822
Social security costs	**1,161**	700
Contributions to defined contribution pension arrangements	**433**	337
Share-based payments	**303**	282
Total aggregate employee benefits	**16,331**	12,141

9 Finance income and costs

	2022 £'000	2021 £'000
Interest income from cash and cash equivalents	—	7
Finance income	**—**	7
Bank loan interest	—	—
Interest expense for lease arrangements	**(95)**	(88)
Interest expense for contingent and deferred consideration	**(193)**	(86)
Finance costs	**(288)**	(174)
Net finance costs	**(288)**	(167)

10 Loss before tax: analysis of expenses by nature

10.1 Expenses by nature

The following items have been charged/(credited) to the consolidated income statement in arriving at a gain before tax:

	Notes	2022 £'000	2021 £'000
Amortisation of capitalised development and software costs	13	**1,686**	1,267
Amortisation of acquired intangible assets	13	**555**	389
Depreciation of owned property, plant and equipment	14	**99**	73
Depreciation of right-of-use assets	15	**348**	242
Lease rental charges – land and buildings	20	**95**	248
Development costs expensed		**1,022**	584
Net foreign currency expense		**378**	40
Unrealised foreign exchange losses on intercompany trading balances		**(574)**	42
Non-recurring items expense/(credit)	10.2	**1,007**	(550)

10.2 Non-recurring items

	2022 £'000	2021 £'000
Waiver of loan	—	(592)
Acquisition costs	**1,007**	42
Total non-recurring items	**1,007**	(550)

Acquisition costs

On 11 August 2022, the Group acquired Comsof NV. Costs of acquisition and business integration have been expensed during the year as non-recurring items.

Waiver of loan

In April 2020, IQGeo America Inc, a subsidiary of IQGeo Group plc, applied for and received a loan of $819,000 under the USA CARES Act's "Paycheck Protection Program" in order to support the USA operations during the uncertainty caused by the impact of the global Covid-19 pandemic. The loan was provided by HSBC Bank USA and accrued interest at a rate of 1.0% p.a. In June 2021, the loan was forgiven by the US Small Business Administration along with interest accrued. The waiver of the loan resulted in a credit to the income statement which was recognised during 2021.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

10 Loss before tax: analysis of expenses by nature continued

10.3 Auditor's remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2022 £'000	2021 £'000
Fees payable to the Group's auditor for the audit of:		
Parent company and consolidated financial statements	129	91
Financial statements of subsidiaries, pursuant to legislation	17	12
Total audit fees	**146**	103
Fees payable to the Group's auditor for other services:		
Tax advisory	28	28
Audit-related assurance services	18	16
Tax compliance services	12	26
Total non-audit fees	**58**	70
Total auditor's remuneration	**204**	173

The auditor of IQGeo Group plc is Grant Thornton UK LLP.

11 Income tax

11.1 Income tax recognised in the consolidated income statement

	2022 £'000	2021 £'000
Current tax		
Corporation tax	(862)	(746)
Adjustment in respect of prior year	–	(2)
Foreign tax	–	2
Total current tax credit	**(862)**	(746)
Deferred tax		
Origination and reversal of temporary differences	(39)	(66)
Total deferred tax charge	**(39)**	(66)
Total income tax credit for the year	**(901)**	(812)

The tax credit differs from the standard rate of corporation tax in the UK for the year of 19% in 2022 (2021: 19%) for the following reasons:

	2022 £'000	2021 £'000
Loss before tax	(1,814)	(2,741)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(345)	(521)
Tax effects of:		
Expenses not deductible for tax purposes	696	382
Income not chargeable for tax purposes	–	(112)
Additional overseas tax deduction	(92)	(28)
Utilisation of previously unrecognised tax losses	(19)	(364)
Unrecognised deferred tax movements	(664)	435
Tax (overprovided) in prior years	–	(2)
Research & development tax (credits) – prior years	(431)	(570)
Difference on tax treatment of share options – unrecognised	58	54
Differential on overseas tax rates	(104)	(86)
Total income tax (credit)	**(901)**	(812)

During the current and prior year IQGeo UK Limited has and intends to submit claims for UK Research & Development tax credit relief ('R&D tax claim') under the HMRC SME scheme. IQGeo elects to receive a cash refund for this claim at this time at a discounted rate of 14.5%. The funds were received during 2022 for the 2021 claim which was agreed by HMRC at a higher level than provided at 31 December 2021. As at 31 December 2022, the Group financial statements reflect an asset for the cash amount estimated to be receivable in respect of the 2022 financial year. The 2022 and 2021 consolidated income statements reflect both the tax credit for the 2021 financial year and an additional estimate for a claim which will be submitted during 2023 in respect of the 2022 financial year. IQGeo Europe NV claims R&D tax grants through the Belgium tax authorities which has the effect of reducing the tax payable in each year of claim.

Other tax matters

During the current year, notification was received that a potential tax claim has been issued by a foreign tax authority relating to the sale of the RTLS business in 2018. A tax audit in this regard is currently in progress which the Company is a party to. As the outcome remains uncertain, it is not practical to estimate the potential claim on the acquirer or any subsequent effect of such claims on the Group.

11.2 Factors that may affect future tax charges

The Group has tax losses of £18.0 million (2021: £18.0 million) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries whose future taxable profits are uncertain. No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries, because the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

The deferred tax balances have been measured at 25%, based on the expected UK tax rate as at April 2023 (2021: 25%).

11.3 Deferred tax

The movement in deferred tax in the consolidated statement of financial position during the year is as follows:

	Deferred income tax assets		Deferred income tax liabilities	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At 1 January	**630**	285	**(630)**	(351)
Deferred tax liability recognised on acquisition	**—**	—	**(841)**	—
Deferred tax charged to the income statement	**307**	345	**(268)**	(279)
At 31 December	**937**	630	**(1,739)**	(630)

The components of deferred tax included in the consolidated statement of financial position are as follows:

	2022 £'000	2021 £'000
Deferred tax liability on development costs capitalised	**(937)**	(630)
Deferred tax liability recognised on acquisition of intangible assets	**(802)**	—
Deferred tax asset on losses	**937**	630
Total net deferred tax liabilities	**(802)**	—

Deferred tax assets have not been recognised in respect of the following amounts because it is not probable that future taxable profits will be available against which the Group can utilise the benefits:

	2022 £'000	2021 £'000
Tax losses carried forward	**3,529**	4,062
Equity-settled share options temporary differences	**906**	230
Total unrecognised deferred tax assets	**4,435**	4,292

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

12 Earnings/(loss) per share (EPS)

	2022	2021
Earnings attributable to ordinary shareholders		
Loss from operations (£'000)	**(913)**	(1,929)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS ('000)	**58,816**	57,314
Effect of dilutive potential ordinary shares:		
– Share options ('000)	**6,411**	2,416
Weighted average number of ordinary shares for the purposes of diluted EPS ('000)	**67,850**	59,730
EPS		
Basic and diluted EPS (pence)	**(1.6)**	(3.2)

Basic earnings per share is calculated by dividing loss for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of shares is adjusted to allow for the effects of all dilutive share options and warrants outstanding at the end of the year. Options have no dilutive effect in loss-making years and are therefore not classified as dilutive for EPS since their conversion to ordinary shares does not decrease earnings per share or increase loss per share.

The Group also presents an adjusted diluted earnings per share figure which excludes amortisation of acquired intangibles, share-based payments charge, unrealised foreign exchange gains/(losses) on intercompany trading balances and non-recurring items from the measurement of loss for the period.

	Notes	2022 £'000	2021 £'000
Earnings for the purposes of diluted EPS, being net loss attributable to equity holders of the parent company		**(913)**	(1,929)
Adjustments:			
Amortisation and impairment of acquired intangible assets		**555**	389
Reversal of share-based payments charge		**303**	282
Unrealised foreign exchange (gains)/losses on intercompany trading balances		**(574)**	42
Reversal of non-recurring items	10	**1,007**	(550)
Net adjustment		**1,291**	163
Adjusted earnings/(loss) (£'000)		**378**	(1,766)
Adjusted diluted EPS (pence)		**0.6**	(3.1)

The adjusted EPS information is considered to provide an alternative representation of the Group's trading performance and, in particular, it excludes non-recurring items. Options have no dilutive effect in loss-making years.

13 Intangible assets

On 11 August 2022, the Group acquired Comsof, a business based in Belgium and Canada, thereby obtaining control. Goodwill, acquired customer relationships, acquired software products and acquired brands have been recognised following the business combination.

Management have undertaken a detailed review of the future cash flows which are anticipated to be generated from the Comsof and OSPI business acquired and following a successful integration during 2022 for Comsof and OSPI in 2021. With the continued expectation of growth and profitability, management have concluded that no impairment is required to goodwill as at 31 December 2022. Management have projected cash flows to 2026 and then applied a terminal growth rate of 1% to future periods. The key underlying assumption is that the acquired Comsof and OSPI business will continue to add additional annual revenue and recurring revenue contracts through subscription and demand point sales at a rate consistent to that achieved in 2022. A discount rate of 12% has been applied to future cash flows. No reasonably possible changes to the assumptions would lead to an impairment. Management believe the assumptions used after considering the market factors are appropriate.

Capitalised product development costs relate to expenditure that can be applied to a plan or design for the production of new or substantial improvements to software products. Management have assessed the underlying products capitalised to identify if any indicators of impairment exist. Where an indication of impairment does exist, management have completed impairment reviews through estimating the future discounted cash flows to be generated from these assets and concluded that no impairment is required as the discounted cash inflows exceeded the carrying value of the asset as at the year end.

The intangible assets include those acquired with the Comsof business, including goodwill, acquired software products, acquired brands and acquired customer relationships. Values have been recognised from a valuation conducted by external experts as shown below.

Amortisation for capitalised product development costs is three years. Software assets represent assets purchased from third parties.

	Goodwill £'000	Acquired customer relationships £'000	Acquired software products £'000	Acquired brands £'000	Capitalised product development costs £'000	Software £'000	Total £'000
Cost							
As at 1 January 2021	7,373	2,072	470	56	8,826	126	18,923
Additions	–	–	–	–	1,905	2	1,907
Effect of movements in exchange rates	35	21	4	1	–	–	61
At 31 December 2021	7,408	2,093	474	57	10,731	128	20,891
Additions	–	–	–	–	2,888	12	2,900
Additions as a result of acquisition	6,557	1,954	606	274	–	–	9,391
Effect of movements in exchange rates	521	216	–	–	–	–	737
At 31 December 2022	**14,486**	**4,263**	**1,080**	**331**	**13,619**	**140**	**33,919**
Accumulated amortisation							
As at 1 January 2021	(2,970)	–	–	–	(6,983)	(68)	(10,021)
Charge for the year	–	(206)	(155)	(28)	(1,225)	(42)	(1,656)
Effect of movement in exchange rates	–	(3)	(3)	(1)	–	–	(7)
At 31 December 2021	(2,970)	(209)	(158)	(29)	(8,208)	(110)	(11,684)
Charge for the year	–	(293)	(213)	(49)	(1,668)	(18)	(2,241)
Effect of movements in exchange rates	–	–	33	2	–	–	35
At 31 December 2022	**(2,970)**	**(502)**	**(338)**	**(76)**	**(9,876)**	**(128)**	**(13,890)**
Net book value							
At 31 December 2022	**11,516**	**3,761**	**742**	**255**	**3,743**	**12**	**20,029**
At 31 December 2021	4,438	1,884	316	28	2,523	18	9,207

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

14 Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2021	163	193	—	356
Effect of movements in exchange rates	2	1	—	3
Additions	—	72	—	72
Disposals	—	(26)	—	(26)
At 31 December 2021	165	240	—	405
Effect of movements in exchange rates	18	19	—	37
Additions	—	170	—	170
Additions on acquisition	—	61	73	134
At 31 December 2022	**183**	**490**	**73**	**746**
Accumulated depreciation				
At 1 January 2021	(40)	(149)	—	(189)
Effect of movements in exchange rates	(1)	(1)	—	(2)
Charge for the year	(33)	(40)	—	(73)
Disposals	—	26	—	26
At 31 December 2021	(74)	(164)	—	(238)
Effect of movements in exchange rates	(9)	(12)	—	(21)
Charge for the year	(30)	(66)	(3)	(99)
Transfer on acquisition	—	(23)	(55)	(78)
At 31 December 2022	**(113)**	**(265)**	**(58)**	**(436)**
Net book value				
At 31 December 2022	**70**	**225**	**15**	**310**
At 31 December 2021	91	76	—	167

15 Right-of-use assets

Details of the Group's right-of-use assets and their carrying amount are as follows:

	2022 £'000	2021 £'000
Cost		
At 1 January	**1,793**	1,775
Effect of movements in exchange rates	**227**	18
Additions	**93**	—
Lease acquired on acquisition	**233**	—
Disposal	**(80)**	—
Cost at 31 December	**2,266**	1,793
Amortisation		
At 1 January	**(457)**	(208)
Effect of movements in exchange rates	**(61)**	(7)
Charge for the year	**(348)**	(242)
Disposal	**80**	—
Amortisation at 31 December	**(786)**	(457)
Net book amount at 31 December	**1,480**	1,336

16 Trade and other receivables

	Notes	2022 £'000	2021 £'000
Cost			
Trade receivables, gross		**9,930**	3,570
Allowances for expected credit losses	16.1	**(244)**	(250)
Trade receivables, net	16.2	**9,686**	3,320
Amounts recoverable on contracts		**303**	943
Other receivables		**132**	77
Prepayments		**943**	611
VAT and taxation receivable		**—**	74
Total trade and other receivables		**11,064**	5,025

All amounts disclosed are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value. Expected credit losses are not material.

The following disclosures are in respect of trade receivables that are either impaired or past due. The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations and are assessed on a customer-by-customer basis following detailed review of the particular circumstances. To the extent they have not been specifically provided against, the trade receivables are considered to be of sound credit rating.

16.1 Movement in allowance for expected credit losses

	2022 £'000	2021 £'000
At 1 January	**(250)**	(31)
Allowance released/(provided)	**6**	(219)
As 31 December	**(244)**	(250)

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

16 Trade and other receivables continued

16.2 Ageing past due but not impaired receivables

	2022 £'000	2021 £'000
Neither past due nor impaired	**1,736**	2,765
0 to 90 days overdue	**7,042**	541
More than 90 days overdue	**908**	14
Total	**9,686**	3,320

17 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	**8,055**	11,499
Cash and cash equivalents	**8,055**	11,499

Cash at bank earns interest at floating rates based on daily bank overnight deposit rates. Short-term cash deposits earn interest at fixed rates for the term of the deposit.

The composition of cash and cash equivalents by currency is as follows:

By currency	2022 £'000	2021 £'000
British Pound (GBP)	**1,630**	8,917
Euro (EUR)	**2,910**	54
US Dollar (USD)	**1,814**	585
Japanese Yen (JPY)	**912**	813
Canadian Dollar (CAD)	**789**	1,130
Cash and cash equivalents	**8,055**	11,499

18 Trade and other payables

	Notes	2022 £'000	2021 £'000
Trade and other payables due within one year:			
Deferred income		**7,450**	4,501
Trade payables		**1,247**	458
Trade accruals		**5,371**	2,339
Other taxation and social security		**866**	452
Other payables		**72**	33
Contingent acquisition consideration	6	**1,211**	796
Total trade and other payables due within one year		**16,217**	8,579
Trade and other payables due after one year:			
Contingent acquisition consideration	6	**996**	–
Trade and other payables due after one year		**996**	–
Total trade and other payables		**17,213**	8,579

The carrying value of trade payables is considered a reasonable approximation of fair value which includes a fair value discount on the contingent consideration relating to the Comsof acquisition of £0.2 million, see note 6.

19 Bank overdraft

During 2022 an overdraft facility of £3.0 million was agreed with HSBC, the Group's bank, as a contingent arrangement around the acquisition of Comsof NV. The facility was not drawn down and has now lapsed. Security in the form of a Group debenture was put in place to facilitate this. The security remains in place at 31 December 2022 to facilitate additional funding options for the Group.

20 Lease liabilities

The Group has measured lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

Details of the Group's liability in respect of right-of-use assets and their carrying amount are as follows:

	2022 £'000	2021 £'000
At 1 January	**1,680**	1,846
Effect of movements in exchange rates	**211**	15
New leases entered into during the year	**93**	–
Lease related to acquisition	**261**	–
Finance costs incurred	**95**	88
Payments made during the year	**(444)**	(269)
At 31 December	**1,896**	1,680
Presented as:		
Lease liability payable within one year	**417**	246
Lease liability payable in more than one year	**1,479**	1,434
At 31 December	**1,896**	1,680

At 31 December 2022, the lease liability consists of £1.9 million of lease payment commitments including:

Following the acquisition of Comsof NV, a nine-year lease was acquired on the existing office premises in Ghent, with the remaining term running to 2024. A number of motor vehicles were acquired on lease commitments, typically between three and five years' duration.

The lease liability consists of £0.24 million of lease payments after deduction of £18,000 of future finance charges.

The Group has a seven-year lease running to February 2028 on office premises in Denver.

The OSPI business ceased operating from premises in Utah in the year; the lease commitments ceased on 31 December 2022.

Leases as lessee

The Group maintains short-term office rental agreements within Germany, Japan, Canada, the US (Utah – released 31 December 2022) and the UK. The leases entered into are twelve months or less and the Group has elected to apply the practical expedient permitted under IFRS 16 to not recognise a right-of-use asset and lease liability in respect of these leases due to their short-term nature. The 2022 operating expense presented within the consolidated income statement includes £0.3 million of rent expense in respect of these leases. The future obligations for the new short-term leases are reported within the table below.

The Group enters into these arrangements as these are a cost-efficient way of obtaining the short-term benefits of these assets.

The Group's future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	Land and buildings 2022 £'000	Land and buildings 2021 £'000
No later than one year	**177**	178
Total	**177**	178

The above table reflects the committed cash payments under short-term leases, rather than the expected charge to the consolidated income statement in the relevant periods.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

21 Share capital and premium

The Company has one class of ordinary shares which carry no right to fixed income.

Where shares have been issued as part of the consideration for the acquisition of OSPI by IQGeo America Inc and Comsof NV, excess proceeds over nominal value are recognised in a merger relief reserve.

	Ordinary shares of £0.02 each Number of	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Total £'000
Balance at 1 January 2021	57,312,252	1,146	22,494	739	24,379
Issued under share-based payment plans	29,998	1	13	—	14
Issued as part consideration for acquisition	173,446	3	—	220	223
Balance at 31 December 2021	57,515,696	1,150	22,507	959	24,616
Issued under share-based payment plans	184,998	4	109	—	113
Issue of shares – acquisition (Comsof)	—	—	—	957	957
Issued on placing to institutional investors – legal fees	—	—	(95)	—	(95)
Issued on placing to institutional investors	2,800,000	56	3,444	—	3,500
Issued as part consideration for acquisition	937,923	16	—	—	16
Deferred consideration – OSPI	—	3	—	237	240
Balance at 31 December 2022	**61,438,617**	**1,229**	**25,965**	**2,153**	**29,347**

22 Share-based payments: options

22.1 Equity-settled share-based payment arrangements

The Group operates a number of plans to award options over shares in the Company to incentivise high-performing key employees of the Group periodically.

The options generally vest evenly over three years on the anniversary from the date of the grant or entirely on the third anniversary from the date of grant, depending on continuing service during the vesting period. The contractual life of the options is ten years from the date of grant, after which they expire if unexercised.

22.2 Analysis of amounts recognised in the financial statements

(a) Analysis of amounts recognised in the consolidated income statement

	2022 £'000	2021 £'000
Total share-based payments charge recognised in operating profit	**303**	282

(b) Analysis of amounts recognised in the consolidated statement of changes in equity in the year

	2022 £'000	2021 £'000
Net share-based payments credit recognised in equity	**303**	282

(c) Cumulative amounts included within equity in the consolidated statement of financial position

	2022 £'000	2021 £'000
Cumulative reserve credit for share-based payments	**634**	454

22.3 Reconciliation of movements in equity-settled share-based payment arrangements in the year

Options	Award date Year	Vests Years	Expires Year	Exercise price £	Currency of award	Awards outstanding at 1 Jan 2022 Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Awards outstanding at 31 Dec 2022 Number	Awards exercisable at 31 Dec 2022 Number
	2012	2013–15	2022	2.125	GBP	17,000	—	—	(17,000)	—	—
	2013	2014–16	2023	2.055	GBP	27,250	—	—	(5,500)	21,750	21,750
	2014	2015–17	2024	2.250	GBP	5,000	—	—	(5,000)	—	—
	2018	2019–21	2028	0.555	GBP	350,000	—	—	—	350,000	350,000
	2020	2020–23	2030	$0.783	USD	1,265,000	—	(130,000)	(290,000)	845,000	563,333
	2020	2020–23	2030	0.625	GBP	110,000	—	—	—	110,000	73,333
	2020	2020–23	2030	0.460	GBP	1,931,002	—	(48,332)	(20,000)	1,862,670	1,241,780
	2020	2020–23	2030	0.675	GBP	500,000	—	—	—	500,000	333,333
	2021	2021–24	2031	1.050	GBP	505,000	—	(6,666)	(13,334)	485,000	161,667
	2021	2021–24	2031	$1.255[1]	USD	425,000[1]	—	—	(105,000)	320,000	106,667
	2022	2023–25	2032	1.430	GBP	—	705,000	—	—	705,000	—
	2022	2023–25	2032	$1.425	USD	—	707,000	—	—	707,000	—
	2022	2023–25	2032	1.050	GBP	—	200,000	—	—	200,000	—
	2022	2023–25	2032	1.134	GBP	—	230,000	—	—	230,000	—
	2022	2022–25	2032	1.725	GBP	—	75,000	—	—	75,000	—
Total						**5,135,252**	**1,917,000**	**(184,998)**	**(455,834)**	**6,411,420**	**2,851,863**
Weighted average exercise price (£)						0.660[1]	1.406	0.565	0.837	0.873	0.600
Weighted average remaining contractual life						8.0 years				8.6 years	7.8 years

1. Option awards granted in 2021 in USD were at an exercise price below market value, in line with the GBP awards issued on the same date. Following tax advice, this treatment has been identified to be inefficient for both the awardees and the Company. By agreement with all remaining awardees, these options have been "cured" and the exercise cost rebased to market value at the time of the award. The table above reflects the rebased exercise price.

22.4 Share option scheme details

2020 share option plan and 2022 grants

In June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to Executive Directors and employees of the Group. Options have been awarded with varying exercise prices as set out above, including a further 1,971,000 during the 2022 year as shown. The options vest in portions of one-third on the first, second and third anniversaries of grant and have no further performance conditions other than ongoing employment on the date of vesting and of exercise. Awards will be subject to a two-year holding period from vesting point, with participants only permitted to sell shares sufficient to cover the exercise cost and any tax liability within this holding period.

Options under this scheme were valued using the Black-Scholes valuation model. The expected life is the expected period from grant to exercise based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free return is an average yield on the zero-coupon UK Government Bond in issue at the date of grant with a similar life to the option.

Within the 2022 financial statements a charge of £303,000 (2021: £282,000) has been recognised in respect of share options granted.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

23 Subsidiaries

The Group consists of the parent company, IQGeo Group plc, incorporated in the UK, and a number of subsidiary companies which operate and are incorporated around the world. Information about the composition at the end of the reporting period is as follows:

Subsidiary	Country of incorporation	Principal activity	Proportion of ordinary shares held by Group (%)	Registered office
IQGeo America Inc.	US	Geospatial solutions	100	1670 Broadway, Suite 2215, Denver, CO 80202, United States
IQGeo Europe NV	Belgium	Geospatial solutions	100	214, Jacob Obrechstraat 46 9000, Ghent, Belgium
IQGeo Germany GmbH	Germany	Geospatial solutions	100	Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany
IQGeo Japan K.K.	Japan	Geospatial solutions	100	45F Sunshine60, 3-1-1, Higashi Ikebukuro, Toshima-ku, Tokyo 170-6045
IQGeo Solutions Canada Inc.*	Canada	Geospatial solutions	100	PO Box, 10026, Pacific Centre, 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3, Canada
Comsof Technologies America Inc*	Canada	Geospatial solutions	100	PO Box, 10026, Pacific Centre, 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3, Canada
IQGeo Systems Limited	UK	Non-trading	100	Nine Hills Road Cambridge, CB2 1GE, UK
IQGeo UK Limited	UK	Geospatial solutions	100	Nine Hills Road Cambridge, CB2 1GE, UK

As at 1 January 2023, all subsidiaries are directly held by IQGeo Group plc. All subsidiaries are 100% owned by the Group.

Post year end amalgamation: * On 1 January 2023, IQGeo Solutions Canada Inc and Comsof Technologies America Inc were amalgamated to form a new entity, also named IQGeo Solutions Canada Inc. The amalgamation combined all assets and liabilities of the two Canadian entities. Comsof Technologies America Inc's ownership was transferred to IQGeo Group plc from IQGeo Europe NV through a dividend in specie on the same date. Comsof Technologies America Inc was previously 100% owned by IQGeo Europe NV as part of the Comsof Group acquired on 10 August 2022 by IQGeo Group plc. Following acquisition, Comsof NV was renamed IQGeo Europe NV. All subsidiaries prepare local statutory accounts up to 31 December each year.

24 Related party transactions

24.1 Remuneration of key personnel

The key management have been assessed to be the Directors of the IQGeo Group plc (Executive and Non-Executive) during the 2022 and 2021 periods. Directors of subsidiaries have not been included as key personal.

During the year, there was an average number of eight key management personnel (2021: eight). The compensation paid or payable to key management for employee services is shown below:

	2022 £'000	2021 £'000
Short-term employee benefits		
Wages and salaries	**639**	614
Social security costs	**140**	97
Performance payments	**270**	188
Other benefits	**10**	8
	1,059	907
Post-employment benefits		
Contributions to defined contribution pension arrangements	**14**	15
Share-based payments		
Equity-settled share-based payments	**204**	180
Total key management compensation	**1,277**	1,102

The remuneration of each Director of IQGeo Group plc is reported within the Remuneration Committee report presented in the strategic report.

Remuneration is paid to Max Royde in his role as Non-Executive Director through Kestrel Partners LLP. As at 31 December 2022, £3,500 including VAT was outstanding (2021: £nil) and included within trade and other payables.

24.2 Transactions with the Group related parties

There were no other related party transactions with Directors of the Company during 2022 or 2021 other than acquisition of shares described within the Directors' report.

25 Financial risk management

25.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised within note 25.7. The main types of risks are market risk (including foreign currency risk), credit risk and liquidity risk.

The Group's risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

25.2 Foreign currency risk management

The Group operates globally and undertakes certain transactions denominated in foreign currencies, predominantly in US Dollars (USD), Euros (EUR) and Japanese Yen (JPY), exposing the Group to foreign currency risk. The Group's risk management policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as the Group's currency transactions are not considered significant enough to warrant this.

Foreign currency denominated monetary assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those not denominated in the functional currency of the entity, translated into GBP at the closing rate.

	Japanese ¥		US $		Euros €		Canada CAN$	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Assets	**—**	25	**7**	101	**190**	25	**238**	—
Liabilities	**—**	—	**—**	—	**—**	—	**—**	—
	—	25	**7**	101	**190**	25	**238**	—

All foreign currency financial assets and liabilities are classified as current.

25.3 Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the USD/GBP, EUR/GBP and JPY/GBP exchange rates "all other things being equal". It assumes a +/- 5% change in the GBP exchange rate against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end. A positive number indicates an increase in profit and equity.

	Japanese ¥		US $		Euros €		Canada CAN$	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Effect of a strengthening in relevant exchange rate on:								
Income statement	**—**	1	**—**	5	**10**	1	**13**	—
Equity	**—**	1	**—**	5	**10**	1	**13**	—
Effect of a weakening in relevant exchange rate on:								
Income statement	**—**	(1)	**—**	(5)	**(10)**	(1)	**(13)**	—
Equity	**—**	(1)	**—**	(5)	**(10)**	(1)	**(13)**	—

Exposure to foreign currency exchange rates varies during the year, depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25 Financial risk management continued

25.4 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge a contractual obligation resulting in financial loss to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in note 25.7, which are principally cash and cash equivalents and trade receivables.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Group Treasury policy. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable, and any issues identified as early as possible. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. In addition, many of the Group's customers, and approximately 80% by balance at any given time, are large telecom utility companies and other blue-chip companies that would be considered a low credit risk. As a consequence, management have determined that there is an immaterial expected credit loss in respect of trade receivables at 31 December 2022.

The amount of exposure to any single counterparty or a group of counterparties having similar characteristics is subject to a limit, which is reassessed periodically by management. At 31 December 2022, one customer individually accounted for more than 17% of the gross trade receivables balance (31 December 2021: more than 31%).

None of the Group's financial assets are secured by collateral or other credit enhancements.

Details of certain trade receivables at 31 December 2022 that have not been settled by the contractual due date but are not considered to be impaired are included in note 16.2.

25.5 Liquidity risk analysis

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group seeks to manage this risk by regularly reviewing forecast inflows and outflows due in day-to-day business and investing cash assets safely and profitably. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

Cash flow forecasting is performed at the subsidiary level and aggregated by Group finance. Rolling cash flow forecasts are used by the Group to monitor liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group policy throughout the year has been to remit surplus working capital balances at the subsidiary level to Group treasury and place on short-term deposit or interest-bearing reserve accounts and distribute funds locally when required.

The Group's existing cash balances exceed the current cash outflow requirements.

As at 31 December 2022, the Group's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Later than 5 years £'000
As at 31 December 2022				
Trade and other payables	**6,618**	**—**	**—**	**—**
Lease liabilities	**221**	**196**	**1,409**	**70**
Other payables	**—**	**72**	**996**	**—**
As at 31 December 2021				
Trade and other payables	2,830	—	—	—
Lease liabilities	122	124	1,050	384
Other payables	796	—	—	—

Financial assets used for managing liquidity risk

Cash flows from trade and other receivables are contractually due within three months in the majority of cases. Where surplus cash deposits are identified these are placed in accounts with access terms of no more than three months.

25.6 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders and to maintain an optimal capital structure to reduce the long-term cost of capital. The capital structure of the Group consists of cash and cash equivalents and capital and reserves attributable to the owners of the Company.

In order to maintain or adjust the capital structure, the Group may issue shares, take on debt, sell assets to raise cash, adjust the amount of dividends payable to shareholders or return capital to shareholders.

The capital structure is continually monitored by the Group. The Group's strategy is to have a capital structure that allows investment in long-term profitable growth, takes into account prevailing trading conditions and seeks to improve balance sheet efficiency over time. The Group is not subject to externally imposed capital requirements.

The Group has no agreed bank facilities at 31 December 2022, whilst security with the Group's bank, HSBC, in the form of a debenture over the assets of IQGeo Group plc and IQGeo UK Ltd were agreed to remain in place following a £3 million facility being held through the period of the Comsof acquisition (2021: £nil).

25.7 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 3. The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial instrument:

	Notes	2022 £'000	2021 £'000
Financial assets			
Fair value through other comprehensive income:			
Amortised cost:			
– Trade receivables	16	**9,686**	3,320
– Other receivables	16	**132**	77
– Cash and cash equivalents	17	**8,055**	11,499
Total financial assets		**17,873**	14,896
Financial liabilities			
Amortised cost:			
– Trade payables	18	**1,247**	458
– Trade accruals	18	**5,371**	2,339
– Other payables	18	**72**	33
– Deferred consideration < one year	6	**1,211**	796
– Lease liabilities	20	**1,896**	1,680
Fair value:			
– Contingent consideration > one year	6	**996**	–
Total financial liabilities		**10,793**	5,306

26 Reconciliation of liabilities arising from financing activities

	Bank loan £'000	Lease liability £'000	Total £'000
At 1 January 2021	600	1,846	2,446
Cash flows:			
Repayment	–	(269)	(269)
Effect of moving exchange rates	(8)	15	7
Debt waiver	(592)	–	(592)
Interest applied to principal	–	88	88
At 31 December 2021	–	1,680	1,680
Cash flows:			–
Repayment	–	(444)	(444)
Effect of moving exchange rates	–	211	211
New lease entered into	–	93	93
Leases related to acquisition	–	261	261
Interest applied to principal	–	95	95
At 31 December 2022	**–**	**1,896**	**1,896**

Company balance sheet
for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	3	**12,514**	1,763
Current assets			
Debtors falling due within one year	4	**24,568**	19,464
Debtors falling due after one year	4	**10,802**	10,010
Cash at bank and in hand		**834**	6,830
Total current assets		**36,204**	36,304
Total assets		**48,718**	38,067
Current liabilities	5		
Creditors – amounts falling due within one year		**(4,758)**	(624)
Non-current liabilities			
Creditors falling due after one year		**(996)**	–
Total liabilities		**(5,754)**	(624)
Net assets		**42,964**	37,443
Equity attributable to owners of the parent company			
Ordinary share capital	6	**1,229**	1,150
Share premium	7	**25,965**	22,507
Share-based payment reserve	7	**340**	454
Capital redemption reserve	7	**476**	476
Merger reserve	7	**2,153**	959
Retained earnings	7	**12,801**	11,897
Equity attributable to shareholders of the Company		**42,964**	37,443

The notes on pages 106 to 108 are an integral part of the Company financial statements.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. IQGeo Group plc reported a profit for the financial year ended 31 December 2022 of £0.8 million (2021: £0.5 million).

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2023 and signed on its behalf by:

Richard Petti
Chief Executive Officer

Haywood Chapman
Chief Financial Officer

IQGeo Group plc

Registered Number: 05589712

Company statement of changes in equity

for the year ended 31 December 2022

	Ordinary share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021	**1,146**	**22,494**	**190**	**476**	**739**	**11,393**	**36,438**
Profit for the year	—	—	—	—	—	486	486
Total comprehensive profit for the year	—	—	—	—	—	486	486
Issue of shares – acquisition (OSPI)	3	—	—	—	220	—	223
Exercise of share options	1	13	(6)	—	—	6	14
Lapse of share options	—	—	(12)	—	—	12	—
Reserve credit for equity-settled share-based payment	—	—	282	—	—	—	282
Transactions with owners	4	13	264	—	220	18	519
Balance as at 31 December 2021	**1,150**	**22,507**	**454**	**476**	**959**	**11,897**	**37,443**
Profit for the year	—	—	—	—	—	781	781
Total comprehensive profit for the year	—	—	—	—	—	781	781
Exercise of share options	4	109	(30)	—	—	30	113
Issue of shares – acquisition (Comsof)	16	—	—	—	957	—	973
Deferred consideration – (OSPI)	3	—	—	—	237	—	240
Issue of shares – associated costs	—	(95)	—	—	—	—	(95)
Issue of shares – fundraise	56	3,444	—	—	—	—	3,500
Lapse of share options	—	—	(93)	—	—	93	—
Equity-settled share-based payment	—	—	9	—	—	—	9
Transactions with owners	79	3,458	(114)	—	1,194	123	4,740
Balance as at 31 December 2022	**1,229**	**25,965**	**340**	**476**	**2,153**	**12,801**	**42,964**

The notes on pages 106 to 108 are an integral part of the Company financial statements.

Notes to the Company financial statements

for the year ended 31 December 2022

1 Principal accounting policies

Basis of preparation

The financial statements of IQGeo Group plc have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006. A summary of the significant accounting policies which have been reviewed by the Board of Directors is set out below.

The financial statements are prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102, as it is a qualifying entity, and its financial statements are included in the consolidated financial statements of IQGeo Group plc.

- The requirements of Section 4 Statement of Financial Position 4.12(a)(iv)
- The requirements of Section 7 Statement of Cash Flows
- The requirements of Section 3 Financial Statement Presentation paragraph 3
- The requirements of financial instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(iv), 11.48(b) and 11.48(c)
- The requirements of Section 33 Related Party Disclosures paragraph 33.7

Share-based payments

The Company issues equity-settled share-based payments to certain employees of its subsidiaries. Vesting conditions are continuing employment. Equity-settled share-based payments are measured at fair value at the date of grant using an appropriate pricing model. The share-based payment is accounted for as a capital contribution to the subsidiaries. Investments in subsidiaries are increased by the aggregate amount of share-based payment with a corresponding increase in equity for the same amount. Information on share options which have been granted to Directors and employees is given in note 22 to the consolidated financial statements.

Investments

Fixed asset investments are stated at historical cost less any provision for impairment.

The Group assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Debtors

Short-term debtors are measured at transaction price, less impairment. Financial assets are measured subsequently at amortised cost using the effective interest method less any impairment.

Creditors

Short-term trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Critical accounting judgements and key sources of estimation and uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Group is loss-making and this is an indicator that amounts due from subsidiary undertakings may not be recoverable. In undertaking recoverable value reviews, management is required to make assumptions of the future cash flows generated from its subsidiaries. This includes consideration of both the current business pipeline and estimations beyond the existing pipeline, and timing of expected settlement of balances.

2 Profit and loss account

The Company has no employees (2021: nil). Directors' emoluments are disclosed within the Remuneration Committee report on page 60 of the corporate governance report. The Non-Executive Directors were remunerated by IQGeo Group plc.

3 Investments

	Investments in subsidiaries £'000
Cost and net book amount	
At 1 January 2022	1,763
Value of investment in Comsof (IQGeo Europe NV)	10,510
Capital contribution to IQGeo America Inc	240
Other	1
At 31 December 2022	**12,514**

Capital contribution to IQGeo America Inc

The Company paid £0.2 million in cash and issued 160,266 ordinary 2 pence shares during the year (2021: 173,446 ordinary shares of 2 pence each) on behalf of IQGeo America Inc to the sellers of OSPI as settlement of deferred consideration.

Capital contribution relating to share-based payments

Capital contributions relating to share-based payments arise because the Company has granted share options to the employees of its various subsidiaries.

Consideration of impairment of investments

The Group is loss-making, and this is an indicator for potential impairment of its investments. Management have completed impairment reviews through estimating the future discounted cash flows to be generated from these assets and concluded that no further impairment is required as the cash flows are expected to exceed the value of the investment.

Further information about subsidiaries is provided in note 23 of the consolidated financial statements.

4 Debtors

	2022 £'000	2021 £'000
Debtors falling due within one year:		
Amounts owed by subsidiary undertakings	**24,496**	19,457
Sales tax recoverable	**72**	7
	24,568	19,464
Debtors falling due after one year:		
Amounts owed by subsidiary undertakings	**10,802**	10,010
Total debtors	**35,370**	29,474

Interest is charged on debtors falling due after one year at a rate of 3.5% plus SONIA on the balance owed.

Amounts owed by subsidiary undertakings are unsecured.

During 2020, a provision of £6.8 million was made against amounts owed by subsidiary undertakings due within one year. No additional impairment charge was recognised during 2021. Following review, a £0.9 million reduction in the impairment has been recognised during 2022. Accordingly, the provision as at 31 December 2022 was £5.9 million (2021: £6.8 million).

Notes to the Company financial statements continued

for the year ended 31 December 2022

5 Creditors

	2022 £'000	2021 £'000
Creditor amounts due within one year:		
Trade accruals	**280**	195
Accounts payable	**104**	7
Accounts payable > one year	**1,211**	–
Tax and social security payable	**37**	7
Amounts owed to subsidiary undertakings	**3,126**	415
	4,758	624
Amounts due after one year:		
Contingent consideration	**996**	–
	996	–
Total creditors	**5,754**	624

6 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.02 each	**61,438,617**	57,515,696	**1,229**	1,150

Movements during the year are disclosed within note 21 to the Group accounts.

7 Reserves

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The nominal value of shares issued is classified as share capital and the amounts paid over the nominal value in respect of share issues, net of related costs, is classified as share premium.

Share-based payment reserve

The share-based payment reserve relates to a cumulative charge made in respect of share options granted by the Company to the Group's employees under its employee share option plans.

Capital redemption reserve

The capital redemption reserve relates to the repurchase and subsequent cancellation of ordinary share capital.

Merger relief reserve

The merger relief reserve relates to the issue of shares as consideration for acquisitions of direct or indirect 100% owned subsidiaries within the Group.

Retained earnings

Retained earnings include all current and prior period retained profits/losses.

8 Related party transactions

The Company takes advantage of the exemption under FRS 102 for transactions with wholly owned Group companies. There were no other related party transactions, other than the issue of shares to certain Directors detailed within the Directors' report.

Company information

Registered office
IQGeo Group plc
Nine Hills Road
Cambridge
CB2 1GE, UK
Tel: +44 (0)1223 606 655
Website: www.iqgeo.com

Advisers

Nominated Adviser and Broker
finnCap Limited
1 Bartholomew Close
London EC1A 7BL, UK

Lawyers
Mills & Reeve LLP
Botanic House
98–100 Hills Road
Cambridge CB2 1PH, UK

Auditor
Grant Thornton UK LLP
101 Cambridge Science Park
Milton Road
Cambridge CB4 0FY, UK

Registrar
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ, UK

Bankers
HSBC Bank plc
50–60 Station Road
Cambridge CB1 2JH, UK

FSC www.fsc.org MIX Paper | Supporting responsible forestry FSC® C014531

This report is printed on Magno Satin, FSC® certified ® (FSC® C014531), ECF, PEFC (PEFC/07-32-76)

Printed, using vegetable inks, by L&S Printing. FSC® certified ® and Carbon Neutral Operation (certified: CarbonQuota) under the PAS2060 standard.

Designed by lyonsbennett
www.lyonsbennett.com

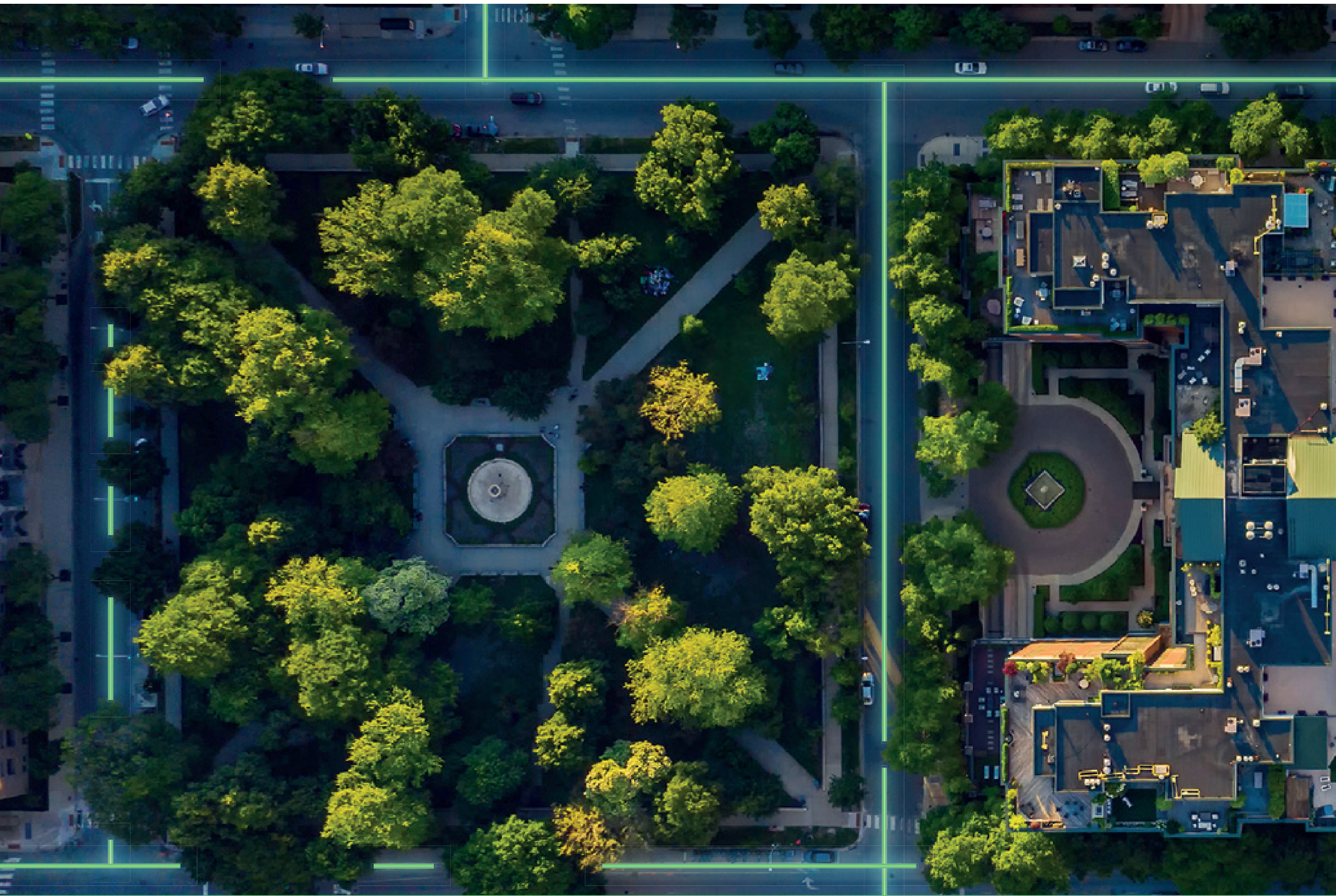
Visit us online

www.iqgeo.com
www.ospi.com
www.comsof.com

Youtube/IQGeo

@IQGeo_software

LinkedIn/IQGeo



Belgium
IQGeo Europe NV
214, Jacob Obrechstraat 46
9000, Gent, Belgium

Canada
IQGeo Solutions Canada Inc.
1 University Avenue –
Floor 3
Toronto ON. M5J 2P1
Canada

Germany
IQGeo Germany GmbH
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main
Germany

UK
IQGeo UK Ltd
Nine Hills Road
Cambridge CB2 1GE, UK

USA
IQGeo America Inc.
1670 Broadway, Suite 2215
Denver, CO 80202
USA

Japan
IQGeo Japan KK
Level 20 Marunouchi
Trust Tower
1-8-3 Marunouchi Chiyoda-ku
Tokyo 100-0005
Japan