Geospatial productivity & collaboration

IQGeo Group plc Annual Report 2020

Who are we?

IQGeo is a market leading developer of geospatial software for the telecoms and utility industries

IQGeo's end-to-end geospatial software for the telecoms and utility industries accelerates productivity and collaboration across enterprise sales, planning, design, construction and maintenance processes. Our mobile-first and cloud-native solutions create and maintain a real-time, accurate view of complex network assets, dramatically improving the quality of network data.

The open architecture of the IQGeo Platform easily integrates with virtually any Geographical Information System (GIS) or application, providing a single source of network truth that eliminates data silos and streamlines operational processes. The software runs on workstations, tablets and mobile phones, online or offline, closing data gaps and cutting backlogs between field and office operations.

IQGeo is helping telecoms and utility network operators around the world meet their digital transformation ambitions and operational KPIs by saving time and money, while improving safety and enhancing customer satisfaction.

Visit us online

www.iqgeo.com

In 2020, IQGeo won a Diamond Technology award for our new Network Manager for telecoms software product. This is the second year in a row that IQGeo has been recognised with this prestigious award from Broadband Technology Report.

Highlights

Despite the Covid-19 pandemic and difficult business conditions, IQGeo delivered strong business growth in 2020.

Meeting our key sales targets, we delivered new customers across all our operational geographies while successfully continuing our transition to a subscription-based software revenue model. Business execution has proven to be resilient during the pandemic. While we saw some initial, short-term, project delays from our customers and prospects, demand remains high for telecoms and utility services and operators continue to invest in fibre, 5G and smart grid rollout. The pandemic has highlighted the important role of these organisations, providing critical national infrastructure, and their employees are generally designated as key workers in order to ensure network uptime for vital services.

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The results delivered in 2020 are a testament to the hard work and talent of our organisation.

Richard Petti
Chief Executive Officer

Exit Annual Recurring Revenue (“ARR”)[1] (£m) — ↑ 165%

2020	5.3
2019	2.0
2018	1.1

In-year recurring revenues (£m) — ↑ 96%

2020	3.2
2019	1.6
2018	0.9

IQGeo own product orders (£m) — ↑ 42%

2020	10.7
2019	7.5
2018	3.4

Gross margin (%) — ↑ 10%

2020	52
2019	42
2018	44

Contents

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

At a glance

While it has been a very challenging year for telecoms and utility network operators, the Covid-19 pandemic has also brought into sharp focus the critical role that these organisations play in communities around the world.

The IQGeo software technology is ideally positioned to help network operators respond to these rapidly evolving market conditions. Our geospatial software platform and industry applications give network operators an immediate and accurate view of their network assets and assist them to optimise operations processes across the entire network lifecycle. Our end-to-end technology strategy provides network operators with a next generation digital foundation essential for proactively and safely managing their field and office operations, to reduce cost and improve customer satisfaction.

IQGeo has the agility that we were looking for as well as the leadership in this space and I think those two factors sealed the deal for us. We knew that we would be in good hands.

IQGeo utility industry customer

Delivering value across the network lifecycle

Sales & marketing
Increase revenues with powerful network insights

Planning & design
Transform time-to-market with high data quality

Construction
Compress construction timetables with digitalised process

Operations & maintenance
Empower field teams to increase safety, productivity and collaboration

Customer service
Improve customer satisfaction and reduce churn with accurate network visibility

A spike in demand for broadband communication services from home workers and increasingly distributed energy and utility services is accelerating the need for digital transformation across these industries.

North America

Europe

Japan

IQGeo product order growth in 2020

42%

Active end user software licences

50,000+

New customer logos worldwide

13

Telecoms and utility customers (including OSPI acquisition)

260+

IQGeo market position

Telecoms and utility network operators have an incredibly difficult job in the best of times and the extra complexities thrust upon them during the Covid-19 pandemic have only made things more difficult. Many operators were already struggling with the management and expansion of their network assets using paper-based and siloed software applications that don't integrate with other systems and can't be easily shared with key stakeholders. Covid-19 has acted to accelerate the realisation that true digital transformation is essential to the long-term success of their business as they deal with the impact of the pandemic while deploying game-changing new technology like fibre connectivity, 5G, smart meters and IoT sensors.

IQGeo is helping our telecoms and utility customers reimagine the role that geospatial technology plays in their digital transformation ambitions and realise the benefits it brings to their business.

The IQGeo Platform and our targeted software applications combine to deliver innovative and compelling solutions when compared to traditional GIS competitors that use legacy centralised systems that demand specialised engineering talent.

At IQGeo we empower organisational transformation with our intuitive, mobile-first geospatial software that easily integrates with applications and data streams to create a single source of network truth. Everyone from engineers and contractors in the field to designers and salespeople in the office have access to the same powerful geospatial network view, delivering operational insights that accelerate collaboration and productivity across the enterprise and network lifecycle.

Read more about our products and lifecycle on pages 14 and 15

Partner and integration ecosystem

In 2020 IQGeo made significant progress in defining and promoting our partnership ecosystem.

Reseller and OEM partners

These partner companies work actively to 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 using their own product line branding.

Implementation and development partners

These partner companies 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.

Gartrell Group

Frontier GeoTek

Cloud hosting partners

IQGeo has worked actively with these partner companies and can provide optimised hosting services to our customers deploying IQGeo cloud-native software.

Gartrell Group

Google Cloud

Microsoft Azure

We have signed new sales and support partners in all operating regions and have formed partnership strategies with best-in-class technology providers to support cloud deployments for our customers.

Technology partners

IQGeo works together with these 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.

atesio

bing

Google

OpenStreetMap

ORACLE

salesforce

SMALL CASES SOFTWARE

CYBER ESSENTIALS CERTIFIED PLUS

Open source software integrations

The open source 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.

Apache Cordova

GeoServer

Linux

OpenLayers

PostGIS

SQLite

Technology integrations

IQGeo has successfully integrated areas of our software portfolio with software and hardware technology from these companies to deliver complete solutions for our customers. We have completed integrations for our customers with technology from more than 25 companies.

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**

> **The advantages of putting powerful, but easy-to-use Inventory Maps into the hands of the right staff are tremendous.**
>
> **IQGeo telecoms industry customer**

Chair's statement

IQGeo own product revenue has increased by	Gross margin for the year has increased by
32%	10%

> **IQGeo delivered a strong set of results for the year ended December 2020 with growth in order book, revenue and margins.**
>
> **Paul Taylor**
> Chair

Overview

We continued to make solid progress across all our key metrics and remain well positioned to benefit from the ongoing opportunities in the telecommunication and utility markets. In addition, the final two weeks of the year saw us complete the acquisition of OSPInsight International Inc (OSPI). The acquisition brings leading technologies and industry expertise which will both add to and complement IQGeo's existing opportunities.

During the year we continued to benefit from our fundamentals of offering world-class products and services to industries where continued growth and flexibility for remote working and infield live data have become key attributes to any system. Performance across our main geographies in North America, Asia and Europe continued positively where key deals were executed in this period culminating in own product revenue growth of over 30%. Following the introduction of our subscription licence model in 2019, we continue to see strong uptake to this model with growth in recurring revenue up by over 90%. Our order book also substantially increased with backlog at year-end increasing by over 50%. We continue to have a strong balance sheet with cash of £11.1 million.

Results overview

Bookings of orders related to IQGeo own products increased by 42% to £10.7 million during 2020 (2019: £7.5 million) following expansion of our presence in North America as well as adding new contracts in Europe and Japan. IQGeo own product revenue has increased by 32% to £7.3 million (2019: £5.5 million) with growth driven predominantly by recurring revenue streams. Gross margin for the year has increased by 10% due to higher margin IQGeo product revenues and improved services margins.

Our balance sheet remains strong with a year-end cash position of £11.1 million with an additional £2.5 million received in January 2021 following the sale of our minority interest in the Ubisense business.

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The Board would like to thank all our staff who have worked extremely hard this year in unprecedented circumstances.

Organisation

The extraordinary challenges brought about by the Covid-19 pandemic required substantial change in the way we operated and engaged with our customers. Our organisation has adapted extremely well to the need for large parts of the year to work remotely whilst continuing to expand our software suite and providing customer support timely and efficiently.

On 21 December 2020 we completed the acquisition of OSPInsight International Inc (OSPI). OSPI is a US-based geospatial software company that develops and licenses software for operators to build and operate fibre optic networks. Integration of both organisations is substantially complete, and it is clear already the value of the combination of people and products will have to our business going forward.

Board developments

As noted last year Tim Gingell stepped down as CFO following the AGM and we wish him the very best in the future. Haywood Chapman joined the Board as CFO in September and brings with him a wealth of experience with high growth businesses.

We continue our commitment to a high standard of corporate governance by maintaining the QCA Corporate Governance Code in our reporting structure. As such, we recognise that Robert Sansom, Max Royde and myself are no longer regarded as independent Non-Executive Directors. Andy MacLeod, appointed in June 2019, and Ian Kershaw remain independent. Further, my role as Chair of the Audit Committee was only expected to be temporary and the Board has now started the search for an additional Independent Non-Executive Director to fulfil this role.

Outlook

We remain a highly focused software business delivering products and services to key industries where our customers provide essential services. These industries have proven resilient to the challenges brought about by the pandemic and many have looked to our products to not only support growth and improve efficiency but also to help manage the practicalities of the current environment.

Our acquisition of OSPI brings a set of key metrics including a loyal customer base and strong recurring revenue stream, complementary products and skills base.

We have a strong balance sheet and a growing recurring revenue stream supported by a developing order book.

The challenges driven by the current pandemic will hopefully recede markedly as the year progresses, but it is too early to be complacent of any impacts these may continue to have on us or our customers. We therefore remain sensibly cautious, however with strong and broader customer relationships, wider product offerings and a strong balance sheet we are well placed to meet our growth expectations.

The Board would like to thank all our staff who have worked extremely hard this year in unprecedented circumstances and have all contributed markedly to our in-year growth and the execution of the OSPI acquisition. These efforts have also created a stronger business for the future. Finally, we would like to thank our customers, shareholders and other stakeholders for their continued support.

Paul Taylor
Chair
22 March 2021

Chief Executive Officer's statement

Orders related to IQGeo products grew by

42%

Recurring revenue order growth of

152%

> **2020 successfully reinforced IQGeo's market position as a leading geospatial software provider.**
>
> **Richard Petti**
> Chief Executive Officer

Unprecedented challenges in our target markets

2020 has been a year like no other. The pandemic has created significant challenges for our customers who design, build and operate telecoms and utility networks, prompting them to find new and more adaptable ways of working to meet their customers' needs. Despite the challenges our customers faced, I am extremely pleased at how the teams across our business responded. We have delivered another improved set of results in 2020 and this is testament to the hard work and talent of our organisation which gives me confidence that we can continue to grow in line with our expectations, despite the current broader market pressures.

In telecommunications markets we have seen demand for bandwidth surge and this has forced operators to invest in resiliency, increased bandwidth and increased fibre connections to residential addresses. These pressures have required telecommunications operators to increase their spending in fibre to the home and 5G rollouts, while at the same time their consumer revenues have been impacted by the closure of retail operations and for some, reduced revenue from some forms of streamed content such as live sports. Operationally, Covid-19 has created shortages of personnel due to illness and distancing which has also impacted their ability to meet their operational goals. Despite these challenges, telecom operators have continued to build out new infrastructure at a rapid pace, and many have continued to report very good financial results. What I believe we are observing are the benefits digitalisation has to play in corporate strategy, thanks to its ability to reduce the amount of personnel needed to conduct standard tasks, and its ability to accelerate the speed of operational decisions and actions. We see these investments in digitalisation set to continue thanks to their ability to increase efficiency and reduce payroll costs.

In utilities markets Covid-19 has created a significant shift in demand: while energy consumption in manufacturing has seen steep declines, residential consumption has increased but not enough to offset the declines in electricity wholesale prices and reductions in the price of liquid natural gas. As in telecommunications, operators have also seen impacts in the availability of operational staff, increasing safety risks related to keeping staff on site and in the field to address safety issues.

Our strategy

Read more about how we are delivering on our strategy on pages 18 and 19

Here too we see companies investing in their digital strategies and re-visiting their use of automation at the workplace as well as work from home technologies thanks to their ability to increase productivity. Longer term, the global nature of the pandemic has raised awareness about the cost of energy consumption to the planet, and carbon reduction goals are making their way into a number of government-set targets which will result in investments in alternate energy sources and knock-on effects in areas such as distribution, storage and electrification of roads and cities. These long-term investments will also increase the need for efficient and mobile digital tools that increase productivity in core areas of planning, construction, maintenance and emergency incident management.

Our markets

While we are conscious of the terrible impact the pandemic is having, our target industries of telecoms and utility network operators have become an even more critical asset to governments and communities responding to the Covid-19 crisis. With the rise in home working and distributed operations, a spotlight was cast on the critical nature of telecoms broadband and utilities infrastructure. This qualified their teams as key workers and allowed them to continue operations with Covid-secure working practices.

After an initial period of regrouping at the beginning of 2020, we found that operators decided to continue and even accelerate investment in network expansion and maintenance activities, and while we did encounter project delays, business opportunities remained relatively strong. Our sales and marketing team focused outreach activities on key decision makers and worked to establish one-on-one relationships so we could understand their new priorities and identify project opportunities.

Our response

IQGeo has managed the challenges with a pragmatic and positive approach to the rapidly changing business realities.

At the time of the first lockdown in the beginning of the year we moved quickly to assess the risks to the business and put plans in place to monitor costs. Our primary objective was preserving organisational resilience while remaining resolutely focused on the needs of our customers. We put the retention of our staff, who are our biggest asset, at the centre of our organisational strategy and it was not until late in the year that we began hiring new colleagues and rolled back all cost containment policies, including returning salary reductions put in place earlier in the year for higher paid employees. This strategy has allowed us to continue delivering on all our corporate and business objectives while maintaining high levels of staff morale throughout the pandemic.

As a growth-oriented organisation, we understood quickly that customers were pushing for significantly increased percentage of their decision making to be on-line rather than engaging with vendors directly.

Therefore, in order to support the development of our own pipeline we quickly pivoted our marketing lead generation operations to focus exclusively on digital content and online activities. This strategy not only developed our pipeline but enabled us to increase our website traffic by more than 20% and we grew our lead generation activities by 33% when compared to 2019.

Our sales and pre-sales teams also adopted new remote selling capabilities and by the second half of the year we had closed opportunities that had been instigated remotely from start to finish; this is an unprecedented result for a company in an industry that has relied heavily on person-to-person contact for large scale technology investments. In an industry where trust, competence and hard proof of value is required to win contracts this has been a great achievement for us and highlights the quality of our staff, our product and our excellent customer references. In retrospect, 100% digital selling has forced us to re-evaluate the customer journey and what we must do to win their trust in a way that will have lasting impact on our business.

Our development team continued to release several exciting new products in addition to significant updates on our existing geospatial software product line. In particular, the increased demand for mobile and work-from-home capabilities has been met with some exciting developments in our cloud capabilities, and we now market the IQGeo product with what we consider to be best-in-class scaling and cost optimisation cloud capabilities.

Chief Executive Officer's statement continued

Recurring revenue orders grew by 152% year on year in 2020.

Our 2020 outcomes

We used 2020 to successfully reinforce IQGeo's market position as a market leading geospatial software provider. Whilst market awareness and reputation can be difficult to measure, I can see in my own interactions with key customers, partners and prospects that we are making good progress in promoting our unique 'office to field' vision for our target markets and there is continued evidence companies are responding to this very positively.

More importantly by the end of 2020, sales and service delivered on our expectations for pre-acquisition targets by signing 13 new customers and expanding recurring revenue within our existing accounts. We achieved 42% year on year order growth for order intake related to IQGeo products and we successfully grew total revenue by 17%, which is indicative of the momentum we are building in our markets. More importantly as we look to continue the journey to being a high recurring revenue software business, our recurring revenue orders grew by 152% year on year and our recurring revenue grew by 96%. Higher recurring revenue, combined with a good performance by our services team, meant our gross margins exceeded 50%, delivering a reduced adjusted EBITDA loss of £2.5 million (2019: £4.8 million) and reduced operating loss of £4.3 million (2019: £6.3 million).

IQGeo's acquisition of OSPInsight

Another major highlight for 2020 was the announcement on 21 December that we had completed the acquisition of OSPInsight (OSPI) for a total consideration of up to $8.75 million. They are a US-based software company located in Salt Lake City, Utah with a well-established fibre planning and design solution. While this acquisition happened late in the year and made a marginal financial contribution to IQGeo's 2020 revenues, the OSPI software and team will make an important strategic and complementary contribution towards our journey to profitability.

OSPI is a profitable 20-year-old business with a formidable reputation amongst fibre operators as a provider of high quality and easy to implement fibre network management geospatial systems. The OSPI acquisition brings a customer base of more than 200 fibre network operators to IQGeo along with £2.0 million recurring revenue.

OSPI opens up a whole new market of smaller Tier 3, Tier 4 and private network operators such as universities with less mature infrastructure. OSPI's sales and delivery methodology can close opportunities in around 6 weeks from qualification and customers can be live in a matter of days, which means OSPI is well poised to capitalise in the surge of smaller fibre operators in North American, European and Asian markets.

Thanks to their strength in the lower tiers, there is very little overlap in target markets, and we have been able to quickly coordinate our sales and marketing efforts to ensure new opportunities are directed to the appropriate team.

The OSPI product, because of its ease of use and simple installation is also ideally suited to sales through reseller channels where they have successfully sold into markets as diverse as sub-Saharan Africa, Middle East and Australasia. In 2021 it is our goal to extend the reach of the OSPI software through a reseller programme in our existing geographic markets and new areas of the world such as South East Asia where IQGeo to date has had a limited footprint.

The OSPI business is a good cultural fit with IQGeo and will accelerate our route to creating a cloud-first software business and by adding significant technology expertise in the area of fibre network design for our telecoms customers.

The OSPI acquisition has been well received by their customer base, who are pleased with the prospect of rapid innovation in the product roadmap and a larger organisation to provide them with services and support. IQGeo customers in turn have been pleased with the acquisition of a highly respected brand in the business and the prospect of more expertise joining the IQGeo organisation. The 'Acquisition' section of this report provides more details on the benefits and positioning of the OSPInsight acquisition.

Find out more about our market forecasts by accessing the finnCap research portal https://www.finncap.com/researchportal#/portal/finncap

Looking to the cloud

Over the course of 2020 we saw a significant increase in interest from our customers in deploying our geospatial software into the cloud. This increase parallels cloud deployment trends found in other enterprise software industries with companies looking to take advantage of the flexibility, cost savings, performance, and security of resilient cloud offerings from Amazon, Google, Microsoft and others. We believe that cloud deployments will continue gathering speed in 2021 across all our customer tiers and we are focusing additional strategic resources in this area to support our customers and further enable new software and licensing options for our business. The IQGeo software platform for our enterprise customers has always had a cloud-first approach. This cloud-native software architecture provides us with a distinct advantage over our workstation-centric competitors that struggle to make use of the benefits afforded by a full cloud deployment. These strengths have been further accelerated with the addition of microservices and containerisation to further improve our scalability and cost-optimisation capabilities making IQGeo an attractive SaaS proposition for our larger customers.

The OSPI customer base also presents a good opportunity for us to develop a new cloud-based offering that over time will allow us to migrate the entire customer base into a single SaaS offering. Our goal will be to preserve the unique features and the look and feel of the OSPI product but offer this in a cloud environment that takes advantage of IQGeo's existing architecture strengths in this environment.

Our strategic goals

IQGeo is a specialist software provider and will continue to focus on delivering high growth from new business sales and expansions with existing accounts whilst underpinning sales with a high level of recurring revenue.

In the year ahead IQGeo will be focusing on:

1. Targeted segment-specific growth

With a broadened product portfolio our areas of growth will remain very focused. With the IQGeo product line we will target the 'Enterprise' market which we define as Tier 1 and 2 telco and utilities customers across our three regions (NA, Europe, Japan), which have the potential of several thousand users. With our OSPI product line we will target the fast-moving market in lower tier fibre operators ('alt net' operators in the UK) and private network operators like universities and corporations. For this SMB (small and medium business) market we will also develop our channel network for this product line, particularly in Europe and non-Japan Asia.

2. Transition to SaaS business

Our Enterprise market is increasingly demanding cloud technology and in 2021 we expect to sell an increased percentage of software subscriptions that include hosting services from one of our partners. On the SMB side we will launch the much-anticipated OSPI product extensions in the cloud with a view to migrating the entire customer base to the cloud over the next three years.

3. Product innovation

Our product range uniquely straddles the space between geospatial data repositories and field systems and maintaining this advantage will require continued investment in our products to maintain our competitive advantages. 2021 will see us expanding the OSPI product range to match the IQGeo 'office-to-field' positioning and in addition we shall be enhancing the network design capabilities for our Utilities market where we see continued opportunities of growth.

Forecast and outlook

With the added scale and opportunities that the OSPI acquisition brings, combined with market dynamics and our strong product offering, a growth in orders and an increasing visibility over forward recurring revenues, I am optimistic we can continue our growth trends in line with our expectations for the coming year.

On behalf of the IQGeo Board and employees, I would like to thank our customers, investors and partners for their help and support with the unique challenges we all faced during 2020. We have a strong balance sheet as we enter 2021 and I believe we have now established real momentum in the business and are well positioned in our goal of creating an attractive high growth software business with a high degree of recurring revenue.

Richard Petti
Chief Executive Officer
22 March 2021

Market opportunity

IQGeo is actively targeting more than 16,000 contacts at 1,000 telecoms and utility network operators.

In 2020 IQGeo successfully established a total of 260+ telecoms and utility customers across our three sales regions, deploying more than 50,000 software user licences. To continue building on our strategic goal of regional growth, we have significantly expanded the number of companies and contacts that are included in our digital marketing campaigns. This year we increased the number of individuals being approached with our direct marketing activity by more than 60%.

Before the Covid-19 pandemic emerged in the beginning of the year, IQGeo already had a strong digital marketing foundation which we were able to quickly ramp up following the cancellation of industry events and tradeshows. By the second quarter our marketing campaigns and events were pivoted to fully digital activities. To illustrate this shift, by October 2020 we increased the number of monthly visitors to our website by 82% when compared to October 2019 and we held our traditional face-to-face customer events in the US and Japan as online conferences, securing more than 620 customer and partner registrations (US 232, Japan 390).

Future market opportunity

Our rapid pivot to digital activities has allowed us to continue building market recognition and sales momentum for the IQGeo software without interruption to our lead generation process. By all marketing automation metrics, we accelerated prospect engagement and marketing's contribution to the sales pipeline and sales revenue. Our significantly larger company and contact database will allow the marketing and sales team to continue nurturing contacts and develop a strong opportunity pipeline for 2021.

Market segmentation

In this market opportunity analysis, we have segmented the targeted companies into Enterprise, and small to medium business (SMB) network operators. While the detailed definition of these tiers varies between industries and across regions, IQGeo has established a general definition for how these tiers are segmented and tagged within our digital marketing activities.

Enterprise
International or dominant national network operators.

SMB
Regional or private network operators that serve one or more geographic areas.

Within our company and contact database every network operator is identified by their appropriate tier. This allows the IQGeo sales and marketing team to deliver customised messaging and product positioning that reflects the most critical business issues for a given industry and tier.

Targeted digital marketing campaigns

Our focus on digital activities has allowed the marketing and sales team to refine and effectively target our digital outreach. We not only split campaigns and content to target telecoms and utility operators, we also create messages and content that speaks to the needs and market conditions of specific countries and different sized businesses. We even develop digital campaigns that target the needs and requirements of a single company. These increasingly granular digital campaigns are much more effective than a one-size-fits-all approach and have improved engagement metrics and the overall quality and quantity of leads being passed to sales.

Example digital marketing campaigns

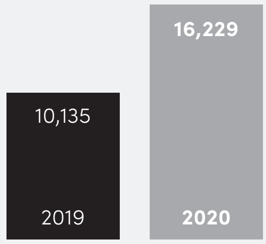
- Automated email campaigns
- Thought leadership eBooks
- Customer video interviews
- Industry reports and research
- Article contributions

Example digital events

- Webinars series
- IQGeo Virtual Meetup
- Virtual tradeshow participation
- Guest speaking slots at 3rd party events
- Online customer focus group sessions

Global total targets

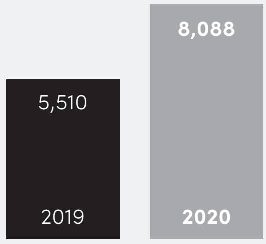
60%



Contacts

Global utility targets

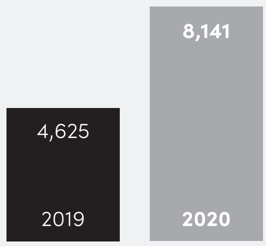
47%



Contacts

Global telecoms targets

76%



Contacts

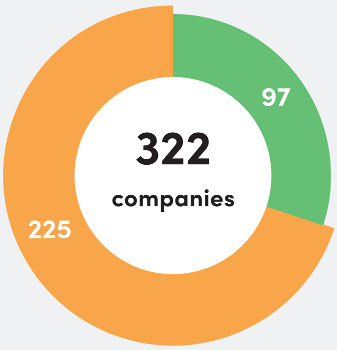
Key

Enterprise SMB

North America

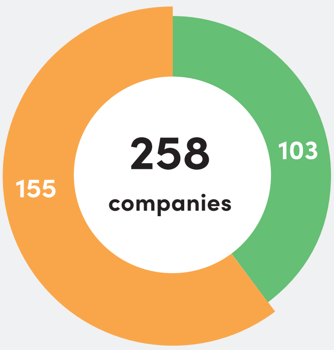
In 2020 North America remained IQGeo's largest and most mature sales region with a very healthy ecosystem in both the telecoms and utility industries. In 2021 we will be targeting 580 network operators in this region and we continue to see significant growth potential as we expand the capabilities of our software product line. Momentum is building in this region as we communicate our message and secure new customers.

Utility targets



6,500 contacts

Telecoms targets

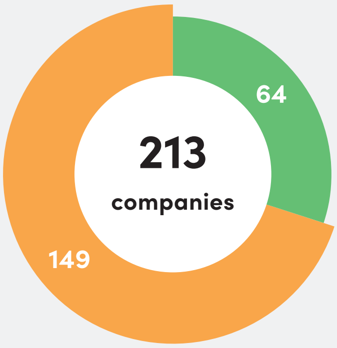


6,221 contacts

Europe

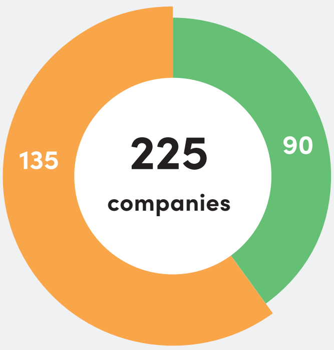
The European team continues to make progress in establishing new customers in 2020 in this less mature market for IQGeo. In 2021 we will be targeting 438 telecoms and utility network operators with a focus on Central and Northern Europe. This region presents country specific opportunities that we are developing such as alternative telecoms network operators and smaller regional utilities that are also rolling out fibre networks to their customers.

Utility targets



1,420 contacts

Telecoms targets



1,750 contacts

Japan

Our small Japanese team continued to punch above their weight in 2020, closing several significant deals with existing and new customers. Off the back of this success and working together with a well-established partner network, the team will expand their target market by reaching out to 35 telecoms and utility operators across Japan. While small in comparison to North America or Europe, the Japanese market offers strong revenue growth potential for IQGeo.

Utility targets

168 contacts

Telecoms targets

170 contacts

Our products

The IQGeo Platform and industry applications provide a powerful office-to-field solution that enables telecoms and utility network operators to reimagine the benefits that geospatial technology brings to their entire business. It provides a single consistent view of the network assets, improving data quality and streamlining processes.

What makes IQGeo different

At IQGeo, our mission is to deliver geospatial transformation that provides unparalleled success across our customers' businesses.

Delivering ROI

Telecoms and utility network operators are using IQGeo's geospatial software to transform their business and deliver measurable ROI that increases revenue, decreases operating costs, improves customer satisfaction and enhances safety.

Empowering the enterprise

IQGeo empowers field and office staff to easily monitor, capture, visualise and manage network assets without specialised training. We deliver an end-to-end geospatial solution that increases productivity and collaboration across the entire organisation.

Our easy-to-use, flexible software is readily adopted by office teams, field crews and contractors, rapidly spreading across the enterprise, delivering true business transformation.

Challenging legacy GIS

Technology and processes developed 20-30 years ago are simply no longer workable. Centralised legacy approaches do not provide the data quality, currency and collaboration needed for next generation networks.

Built for 95% of the workforce and for today's digital realities, IQGeo's software is designed for distributed mobile devices, cloud-native, flexible, and cost-effective.

"

It's modern looking and easy-to-use with a simple user interface, unlike any other geospatial system. We're committed to technology advancements that improve service for our members, safety, system reliability and employee relations. IQGeo helps us to tick a lot of these customer satisfaction boxes.

IQGeo utility industry customer

The IQGeo advantages

Built for network operators

IQGeo's end-to-end enterprise solutions are designed specifically for use by telecoms and utility network operators. Our optimised software and industry experts help customers to streamline processes across their business, delivering greater productivity from the office to the field.

Mobile-first

IQGeo's mobile-first software democratises the use of technology. We enable approved users to view, manage and edit a current network view from any mobile device, anywhere, online or offline. The easy-to-use interface is rapidly adopted by field and office staff, improving departmental collaboration.

Across the network lifecycle

The IQGeo Platform and applications empower stakeholders across enterprise planning, design, construction, maintenance, sales and customer care processes. Using the latest browser, open source and flexible data model technologies also allows IQGeo customers to fully leverage a wide range of GIS, IoT and application data sources that are essential to network lifecycle management.

Cloud-native

The IQGeo Platform was designed and built for cloud deployments and as cloud implementation strategies become more common with our customers, we help them to realise the compelling operational benefits. A cloud deployment enables enterprise scalability as their networks grow, ensures optimal performance, guarantees uptime service levels, and reduces the cost of comparable on-premise installations.

2020 was a milestone year for our engineering and product management teams as they oversaw the release of new strategic products like Network Manager and Workflow Manager, as well as a major 6.0 release of the IQGeo Platform that incorporated the industry's latest architectural components, keeping our solutions at the leading edge of technical developments.

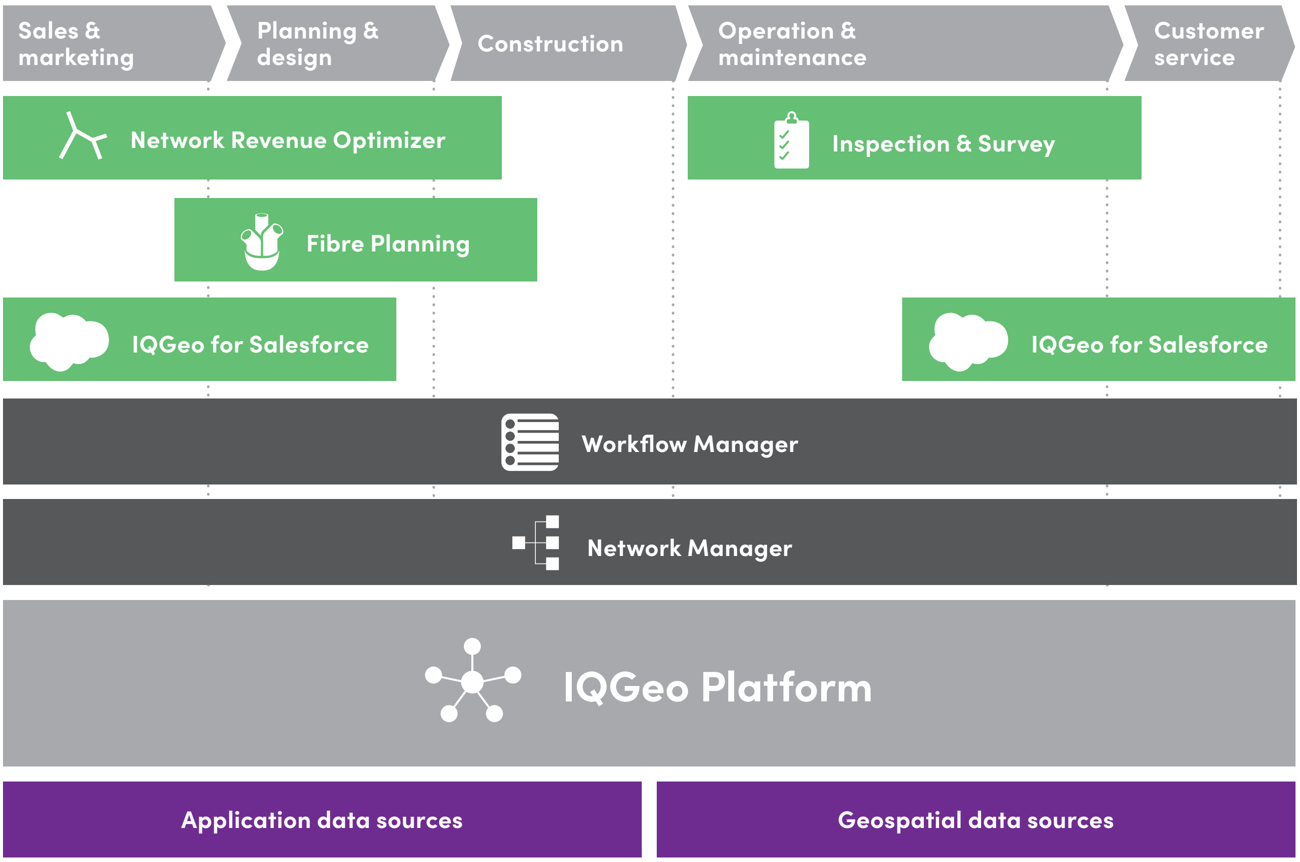
Market traction for new and future products

In 2020 we released a major new geospatial design and editing product called Network Manager. This first release is built for the telecoms market and we are planning the release of a utility version in 2021. We also completed the formal release of our Workflow Manager product that helps control telecom and utility construction and maintenance activities from end-to-end, keeping teams informed of project, trouble, and maintenance ticket status.

Both of these new products are already in production with multiple customers in North America and Europe and we are planning deployments for 2021 in Japan. Designed together with a small group of pilot customers, these products have been well received by the market and are making significant contributions to our sales pipeline for 2021. To highlight the market interest in our latest software, Network Manager for telecoms received a 2020 Diamond Technology award from the independent telecoms publication Broadband Technology Report (refer to the inside front cover for more details).

Building on the initial success of Network Manager for telecoms, we will be releasing a Network Manager for utility product in 2021. This new product will leverage the strengths of the IQGeo Platform and our experience with Network Manager to create a network model optimised for the needs of the utility industry. We are working actively with existing customers to refine the requirements and functionality of the first release.

Lifecycle diagram



Our business model

IQGeo's transition to a recurring software subscription revenue model made significant progress in 2020 with more than 90% of software orders received using subscription pricing.

Competitive advantage

At IQGeo we deliver clear and measurable benefits to our customers, that are helping them to meet their business KPIs and transform network operations.

Engagement pattern

Once our software is installed with a new customer, it rapidly finds a strategic role and often expands across other departments. The confidence in our initial solutions creates the opportunity to deploy new applications that also become mission critical with user licences expanding over time.

Delighting customers

To support the long-term success of our customers and ensure ongoing subscription revenue, IQGeo is focused on delighting our customers after the sale. In 2020 we rolled out several initiatives and activities designed to increase engagement with our customer community and capture their product requirements and business challenges.

- Dedicated customer eNewsletter
- Technology focused webinar series
- IQGeo Virtual Meetup events
- Online "Product release center" resource
- Increased software release frequency

Our typical customer lifecycle

Year 1

Customer purchases first product with a small number of user licences.

Year 2

Customer expands the number of users for Product 1 and adds Product 2 with initial users.

Year 3

Customer expands the number of users for Products 1 and 2.

Year 4

Customer adds Products 3 and 4 while expanding users on Products 1 and 2.

Year 5

Customer continues to expand users across the deployed product suite.

Year 1

Software subscription revenue from initial customers.

Years 2-5

Additional customers are added each year while existing customers expand their installations. This creates a healthy recurring subscription revenue stream with significant top-line revenue growth as new customers are added each year.

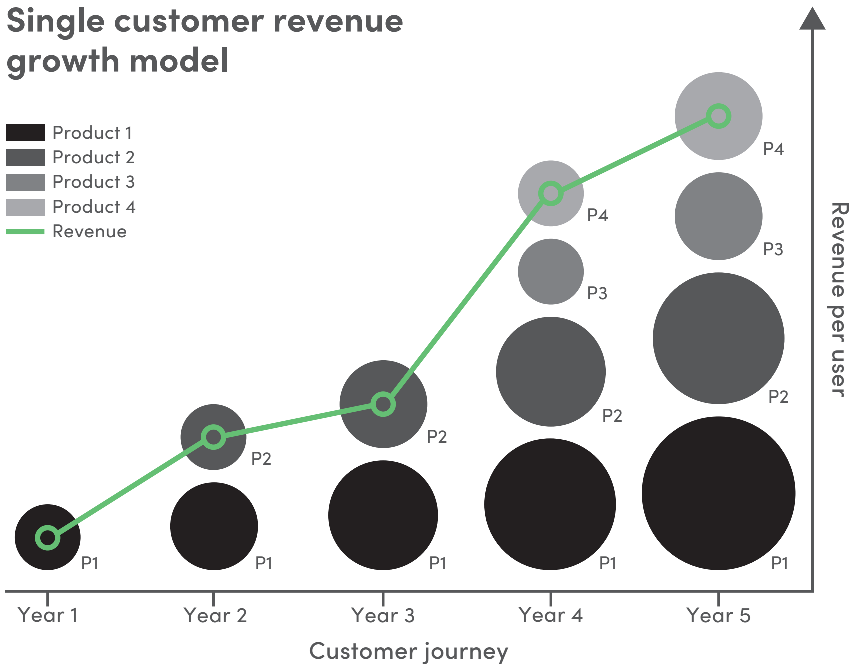
A partnership with our customers

The success of the IQGeo business model depends on the long-term success of our customers. Our entire organisation is focused on creating and maintaining long-term customer partnerships that ensure this success.

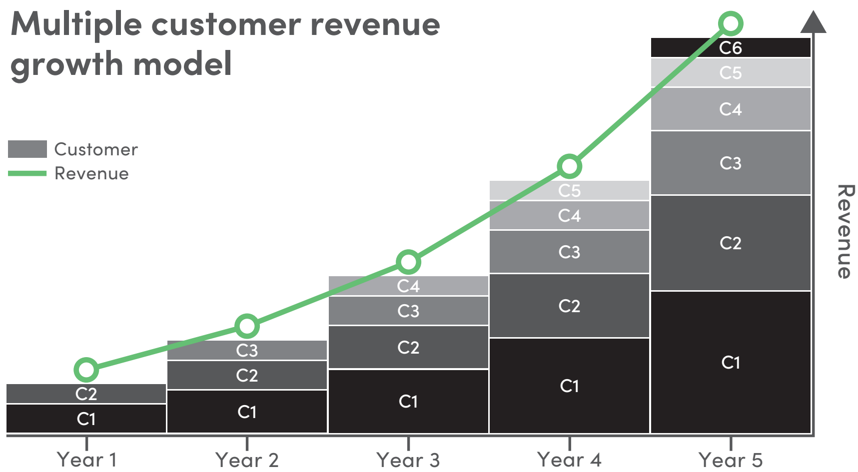
From a prospect's first engagement with IQGeo, we listen to their requirements and seek to understand their culture in order to deploy a solution that evolves and grows with their changing environment.

The combination of new accounts and the ongoing expansion of existing accounts with recurring subscriptions reinforces our "land and expand" business model and is building a reliable revenue stream with strong future growth potential.

Single customer revenue growth model



Multiple customer revenue growth model



In a world where our competitors propose complex, inflexible and costly configurations, the entire IQGeo team strives to deliver flexible, transparent solutions that are innovative and cost-effective.

Providing software that exceeds customer expectations develops the trust and mutual commitment that ensures the long-term health of both our businesses.

Value created

Business

50,000+
Active users

260+
Telecoms and utility customers

Customers

13
new logos in 2020

"The IQGeo team immediately understood our challenges and delivered a presentation and Proof of Concept that addressed our biggest concerns. We continue to be impressed by both the team and the software, which has exceeded our initial expectations."

IQGeo telecoms industry customer

Employees

8.6/10
Employees would recommend IQGeo as an employer

8.6/10
Employees understand the strategy and objectives of IQGeo

Our strategy

In 2021 IQGeo will continue to focus on our three key growth strategies that we originally laid out two years ago. Our business-wide focus on these goals has made a significant contribution to the success we have achieved since rebranding as IQGeo in January of 2019.

> **IQGeo will continue to focus on delivering high growth from new business sales and expansions with existing accounts whilst underpinning sales with a high level of recurring revenue.**
>
> **Richard Petti**
> **Chief Executive Officer**

Goal 1 Regional growth

Progress during the year

2020 saw strong growth of new logos in the Americas and Japan including the addition of several large Enterprise network operators, as well as achieving significant growth with smaller regional SMB operators. Europe also saw the addition of several new SMB operators, as well as the formation of new reseller partners that will help to penetrate the diverse European market.

13 new logos in 2020.

Our future goals

Further organic growth and regional partner sales

IQGeo has established a solid customer base in all our key markets and we will continue to focus on growing our market share and expanding the use of our products with existing customers in 2021. We have seen initial success working with carefully selected partners that have existing expertise in the telecoms and utility industries. In 2021, we will be working to further develop this reseller and partner network which will include targeting Asian geographies where IQGeo is not yet present.

Case study
TEPCO
Read more on pages 22 and 23

Delivering on our growth strategy, we acquired OSPInsight in December 2020.

OSPINSIGHT
An IQGeo business

IQGeo acquired OSPInsight to increase our telecoms customer base and expand market share.

Read more on pages 20 and 21

Linked to our strategy

Goal 2 Building recurring revenue base

Progress during the year

In 2020 we completed our operational transition to a subscription-based software pricing model. While there will continue to be some customers that insist on perpetual licensing, subscription sales are firmly embedded in our sales culture and increasingly accepted by our customers and prospects. The new customers established in 2020 are helping to further strengthen a robust recurring subscription revenue foundation that will support our ambitious growth objectives.

Our future goals

Focus on recurring revenue

Our 2020 simplified price list has established a clear subscription pricing culture within IQGeo. We will continue evolving our pricing structures to further simplify our approach and create incremental revenue opportunities within existing customers. Our objective of pricing simplicity and transparency for our customers has been well received by the market and contrasts our approach with legacy competitors that have notoriously complex pricing structures.

More than **90%** of software sales in 2020 were subscription based

Read our business model on page 16 and 17 to find out more

Goal 3 Product innovation

Progress during the year

2020 was a very successful year for IQGeo in the release of new products, as well as the addition of significant new enhancements to our current product line. Our software engineering philosophy of working closely with customers on development has meant that our latest capabilities have been well received by the market and we have been recognised by independent industry authorities for our product innovation. Refer to the 'Our products' page for more details on specific product releases and a summary of our overall product line.

Our future goals

Cloud innovation, new products and integration

While we have a very full development roadmap for 2021, three notable projects are the major release for our Network Manager product to support the utility market, additional engineering resources focused on the evolution of our cloud hosting capabilities, and mobile enabling our new OSPI product line (refer to the 'Acquisition' page for more details on OSPI). These new products and capabilities represent significant business opportunities to expand existing markets and target network operators that we were not able to reach in 2020.

Case study

ExteNet

Read more on pages 24 and 25

Acquisition

OSPInsight

OSPINSIGHT
An IQGeo business

Key statistics
Customer and revenue growth

200+
Active customers

£2.0m
in recurring revenue

Acquisition overview

On 21 December 2020, we completed the first acquisition since the formation of IQGeo. We purchased OSPInsight (OSPI), a US-based software company with 25 years' experience in fibre planning and network management. A total consideration of $8.75 million secured the sale with an oversubscribed fundraising of approximately £5.3 million prior to issue costs. The acquisition includes the OSPI fibre design and management software supported by a team of over 20 employees based in Salt Lake City, Utah. There was a very modest revenue contribution to IQGeo's 2020 accounts as the acquisition closed at the very end of the year. Moving forward into 2021, this acquisition adds more than 200 existing customers and £2.0 million in recurring revenue to the IQGeo business.

Targeting SMB telecoms operators

The OSPI software dovetails extremely well into the IQGeo product portfolio with very little software or customer overlap. Targeted at SMB telecoms operators, their typical customers are smaller metropolitan, private and dedicated networks. The OSPI sales model delivers higher volume, lower value orders with a short sales cycle and very low-touch deployments. This target market and sales model is something that the current IQGeo enterprise software and support strategy struggles to support, making the addition of OSPI a net increase to our addressable market.

In 2021 the existing OSPI team will form the core of a new business unit focused on SMB fibre network opportunities. Initially they will continue to use the OSPI brand that has a well-established reputation in the fibre industry. The marketing and sales teams will work closely to ensure that sales qualified leads are directed to the appropriate products and the business units, technology, and branding will be more tightly integrated over time. One example of this integration strategy is the sharing of IQGeo's mobile geospatial capabilities with OSPI customers.

As the current OSPI software does not have a native mobile application, our engineering teams will be working to provide an "OSPI ready" version of our mobile geospatial application in the first half of 2021. This effort will be our first demonstration of the extra value and capabilities that IQGeo will be able to provide to the OSPI customer base while expanding the revenue potential of our existing "best-in-class" mobile technology.

The OSPI lighter-touch sales model is also well suited for distribution through reseller partners as it requires less technical integration expertise and offers shorter sales cycles to a substantial SMB market. Over the course of 2021, we will be developing partner distribution channels for the OSPI software in geographies that we already serve and in regions where we do not currently have a market presence. We are extremely positive about the technology sharing and business opportunities that the OSPI acquisition brings to IQGeo, and 2021 will be an exciting year for the new combined team.

Find out more at
www.ospinsight.com

> **The acquisition of OSPInsight significantly expands our user base, providing us with a materially enlarged and loyal market for new product subscriptions.**
>
> **Richard Petti**
> **Chief Executive Officer**

Acquisition highlights

- Complementary market-leading, fibre optic network management technology
- Expands IQGeo's addressable market
- Expands IQGeo's IP in network design, splice design and detailed record keeping
- Materially enlarges global and loyal customer base
- Acquired for a total consideration of up to $8.75 million
- Adds recurring revenue of £2.0 million per year
- Expected to be accretive in first full year of ownership

OSPINSIGHT An IQGeo business		IQGeo	
Fibre operator maturity level			
Level 1	**Level 2**	**Level 3**	**Level 4**
Municipal and industrial operators University, corporate campuses Government, Transit Systems FTTH < 50k subscribers Business Fibre < 10k route miles		Large enterprises Multi Service Operators (MSOs) FTTH > 50k subscribers Business Fibre > 10k route miles	

OSPInsight:

- Simple SaaS or on-prem deployment
- Low-touch support
- Easy-to-use interface
- Predefined best-practice workflows
- Standalone System of Record

IQGeo:

- Flexible deployment options
- Customisable configurations
- Integrations with existing systems
- User-defined workflows
- Scalable System of Record
- Supports the operational lifecycle

Case study

TEPCO

Goal 1
Regional growth

Japan is currently the third largest energy consumer in the world, after the US and China, and TEPCO is the largest electric utility in Japan and the 4th largest in the world, providing energy to the Tokyo metropolitan area.

Challenge

On 9th September 2019, Typhoon Faxai hit Japan. In Tokyo it caused electricity outages for 934,000 households, taking down 1,996 poles and two transmission towers. TEPCO Power Grid is required to manage this complex, rapidly changing disaster response with daily press meetings to keep everyone informed on progress to restore network services. A lack of accurate and current information about the situation in the field made it almost impossible to forecast recovery timing and manage response activities.

Solution

A month before the Typhoon, TEPCO Power Grid began working with IQGeo and NESIC (IQGeo's Japanese partner) to deploy the IQGeo geospatial software to capture the location of electrical pole and critical network assets. The IQGeo Platform formed the foundation for TEPCO's Field Situation Sharing System, providing an accurate view of the current network status. This resource played a critical role during the typhoon disaster response. The TEPCO response team used the IQGeo software to identify, track and reinstate outage areas, mitigating customer downtime.

Results

The supervisory ministry asked for a detailed report within one month of the Typhoon and the IQGeo Platform enabled the team to do this quickly and efficiently. A Group Manager at TEPCO said that without IQGeo, it would have taken double the time to assess the total damage for current and future extreme weather events. The IQGeo Platform is currently being used in the distribution division at TEPCO, but there are plans in place to expand the deployment to broader Power Grid business processes including the construction division, communication division and contractors.

To learn more about our customers, visit the customer stories page on the IQGeo website
iqgeo.com/iqgeo-customer-stories

> **Without IQGeo, it would have taken double the time to grasp the total damage for extreme weather events.**
>
> **TEPCO Group Manager**

Photo courtesy of TEPCO Power Grid

Case study

ExteNet Systems

Goal 3
Product
innovation

ExteNet Systems is a leading US provider of converged communications infrastructure and services addressing outdoor, real estate, communities, and enterprise advanced connectivity needs. Since its first distributed network (DNS) in 2005, it has deployed over 500 networks across the country, including fibre, small cells, DAS and evolved packet core (EPC) networks, indoor and outdoor.

Challenge

As the number and complexity of ExteNet's fibre networks rapidly increases, their team's vision was to create a single cohesive, consolidated platform that would help them manage their fibre networks. To maximise the efficiency of all their processes and network resources, they required a "single source of network truth" that could be used by all stakeholders.

Solution

ExteNet deployed the IQGeo Platform with Network Manager and Network Revenue Optimizer. The easy-to-use interface was quickly adopted by staff with little training, while supporting sales, construction, engineering, maintenance, and customer service processes. IQGeo provided a solution that consolidated a wide range of siloed information into a single, powerful geospatial view that meets the asset management requirements for both short-term projects and longer-term network operations. The shared geospatial network view empowers teams with a common assessment and decision framework that improves departmental collaboration.

Results

The IQGeo software quickly became a cornerstone to the management of ExteNet's fibre networks, providing a current network view and the ability to quickly capture as-built field information to ensure data remains accurate and trusted. The deployment also provides the scalability they need for future growth and gives their business operations the oversight and metrics essential to manage both their technical and administrative requirements. In the highly competitive telecoms industry, IQGeo is supporting ExteNet to deliver industry-leading customer service, grow their fibre networks, and optimise network processes to meet strategic business objectives.

To learn more about our customers, visit the customer stories page on the IQGeo website
iqgeo.com/iqgeo-customer-stories

> **The IQGeo geospatial software is helping ExteNet improve our fibre network management processes, differentiate ourselves in the market and accelerate our quote-to-cash business targets.**

Joe Cunningham
Vice President of Network Planning

Key performance indicators (KPIs)

Continued progress against strategic objectives.

1 Exit ARR (£m)

£5.3m +165%

2020	5.3
2019	2.0
2018	1.1

Exit ARR has increased by 165% due to addition of new logos, net retention of customer base of 140% and the acquisition of OSPI.

Link to strategy

2 In-year recurring revenues (£m)

£3.2m +96%

2020	3.2
2019	1.6
2018	0.9

IQGeo recurring revenues recognised in the consolidated income statement have increased by 96%, with all new logos being added on a subscription basis.

Link to strategy

3 Recurring revenue order intake (£m)

£6.3m +152%

2020	6.3
2019	2.5
2018	0.8

Recurring revenue order intake has increased by 152% due to new logos committing to multi-year subscriptions along with existing customers renewing annual M&S and subscription agreements.

Link to strategy

4 IQGeo own product orders (£m)

£10.7m +42%

2020	10.7
2019	7.5
2018	3.4

IQGeo own product orders have increased by 42% with a strong intake of services orders being won alongside subscription sales.

Link to strategy

5 IQGeo own product revenue (£m)

£7.3m +32%

2020	7.3
2019	5.5
2018	4.7

IQGeo own product revenue has increased by 32% with growth driven by recurring revenue streams and a growing services order book.

Link to strategy

6 Gross margin (%)

52% +10%

2020	52
2019	42
2018	44

The gross margin increase of 10% is a result of the revenue mix moving towards higher margin IQGeo product revenues and improved services margins.

Link to strategy

7 New logos won (Number)

13 Nil%

2020	**13**
2019	13
2018	11

New logos were won in all operating regions during 2020, with the regional customer base becoming more diverse as markets are developed.

Link to strategy

8 Net cash (£m)

£10.5m -20%

2020	**10.5**
2019	13.1
2018	30.9

Net cash decreased to £10.5 million following the completion of a fundraise and the acquisition of OSPI.

Link to strategy

9 Employee headcount at 31 Dec (Heads)

96 +35%

2020	**96**
2019	71
2018	59

Headcount has increased due to the acquisition of OSPI.

Link to strategy

Key

Regional growth

Building recurring revenue base

Product innovation

Chief Financial Officer's statement

Exit ARR increased by
165%

Net retention of ARR for 2020 was
140%

"

Including the OSPI acquisition, exit recurring revenue run rate is £5.3 million.

Haywood Chapman
Chief Financial Officer

Principal events and overview

The year ended 31 December 2020 has been one of growing the business organically and increasing recurring revenues. The commercial model for the Group continues to focus on increasing Annual Recurring Revenue ("ARR") through subscription-based software sales and maintaining long-term relationships with customers, creating recurring revenue growth and achieving sustained profitability and cash flows. ARR also includes maintenance and support arrangements from perpetual licence sales. Additionally, 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 while these services have declined less than previous expectations, they are still expected to decline in future periods as the Group continues to focus on growing recurring revenues.

On 21 December 2020 the Group acquired OSPInsight International Inc. ("OSPI") for a total consideration of up to $8.75 million. The consideration paid consisted of both cash from a successful placing which brought new investors onto the share register, and the issue of IQGeo shares to the vendor. Due to the timing of the acquisition the impact on the consolidated income statement of the Group is minimal. The acquisition brings more than 200 customers to the Group and opens up a whole new market of Tier 3 and Tier 4 operators, so should bring great benefits as we move forward.

Exit ARR
(£m)

£5.3m **+165%**

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 2019 and 2020 were:

KPIs	2020 £'000	2019 £'000
Total revenue	**9,155**	7,806
Recurring revenue	**3,195**	1,632
Recurring revenue %	**35%**	21%
IQGeo own product orders	**10,700**	7,500
Gross margin %	**52%**	42%
Operating costs	**9,074**	9,539
Adjusted EBITDA loss	**(2,495)**	(4,848)
Loss for the year	**(4,111)**	(5,767)
Recurring revenue net retention	**140%**	120%
Cash	**11,078**	13,053

Annual recurring revenue

The Group has been successful in continuing to increase ARR with £1.4 million being won during 2020 through sales to both new and existing customers (2019: £0.8 million). The opportunity to grow existing customer accounts through new products and increasing the user count, along with excellent logo retention, have resulted in an ARR net retention figure of 140% during 2020. Recurring revenues now account for 35% of all revenue, compared to 21% in 2019, and as this percentage continues to grow, this will bring increased visibility of revenues and cash flows.

Additionally, the OSPI acquisition has added a further £2.0 million of future ARR to the Group.

The combination of organic growth and the OSPI acquisition has resulted in the exit ARR as at 31 December 2020 increasing by 165% to £5.3 million (2019: £2.0 million), after revaluation of ARR to year-end FX rates.

Orders

Bookings of orders related to IQGeo own products increased by over 42% to £10.7 million during 2020 (2019: £7.5 million) with new customers being added in all three of our key markets (North America, Europe and Japan). Of these bookings, £6.3 million relates to recurring revenues due to new customers entering into multi-year subscriptions and a growing renewals base (2019: £2.5 million).

IQGeo own product order backlog as at 31 December 2020 was £8.3 million (2019: £3.7 million) with the growth being due to increased order intake during 2020 and acquired backlog due to the OSPI acquisition. Third party Geospatial Services order backlog was £0.9 million (2019: £1.4 million).

Bookings of orders related to third party Geospatial Services were £1.2 million (2019: £1.6 million) reflecting the managed decline in this legacy revenue stream.

Chief Financial Officer’s statement continued

Revenue

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

Revenue by stream	2020 £’000	% of total revenue	2019 £’000	% of total revenue	Year on year growth
Recurring IQGeo product revenue	**3,195**	**35%**	1,632	21%	96%
Perpetual Software	**299**	**3%**	1,589	20%	(81)%
Services	**3,846**	**42%**	2,328	30%	65%
Non-recurring IQGeo product revenue	**4,145**	**45%**	3,917	50%	6%
Total IQGeo product revenue	**7,340**	**80%**	5,549	71%	32%
Geospatial services from third party products	**1,815**	**20%**	2,257	29%	(20)%
Total revenue	**9,155**	**100%**	7,806	100%	17%

The growth in ARR intake has translated into recurring revenue growth of 96% during 2020 to £3.2 million (2019: £1.6 million). The increased Exit ARR of £5.3 million along with the anticipation of continued positive net retention of our existing customer base, is expected to provide future growth and stability to our recurring revenues.

Sales of perpetual software licences have decreased significantly from the prior year as the Group continues to focus on subscription sales, however with some customers preferring a perpetual software offering it is anticipated that this one-off revenue will continue to fluctuate year on year.

As the number of new deployments and expansion orders continue to increase, the associated service revenues have also grown by 65% with a good backlog of further work to be recognised in future periods. Visibility of services revenues is now around 6 months at current revenue rates.

Gross profit

Gross profit	2020 £’000	Gross margin %	2019 £’000	Gross margin %	Gross margin var
Gross profit/gross margin	**4,746**	**52%**	3,243	42%	10%

Gross margin percentage has increased during 2020 by 10%. This increase is a result of the revenue mix moving towards higher margin IQGeo product revenues. Improved services margins have been achieved through the delivery of internal efficiencies driving higher staff utilisation on billable projects, as well as tight cost management.

Operating expenses and adjusted EBITDA from continuing operations

Operating expenses were £9.1 million (2019: £9.5 million) and are summarised as follows:

	2020 £’000	2019 £’000
Other operating expenses	**7,241**	8,091
Depreciation	**369**	285
Amortisation	**1,002**	815
Share option expense	**130**	102
Unrealised foreign exchange loss on intercompany trading balances	**43**	110
Non-recurring items	**289**	136
Total operating expense	**9,074**	9,539

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

The business continues to be focused on maintaining tight control of costs. Additionally, there has been a significant reduction in travel and marketing expenditure as an unavoidable consequence of the pandemic. While these short-term measures have reduced costs during 2020, the Group anticipates expenditure to increase again to support the growth of the business.

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. Adjusted EBITDA for the year was a £2.5 million loss (2019: Adjusted EBITDA £4.8 million loss).

Non-recurring costs in 2020 relate to OSPI acquisition costs.

The operating loss for the period from continuing operations was £4.3 million (2019: £6.3 million).

EPS and dividends

Adjusted diluted loss per share from continuing operations was 7.3 pence (2019: 8.8 pence). Reported basic and diluted loss per share from continuing operations was 8.2 pence (2019: 9.4 pence). The Board does not feel it appropriate at this time to commence paying dividends.

Consolidated statement of financial position

As at 31 December 2020, the Group had a cash position of £11.1 million with debt of £0.6 million (2019: £13.1 million and no debt).

On 1 December 2020 the Group successfully completed a fundraise with net proceeds of £5.2 million. The proceeds were used to fund the acquisition of OSPI which completed on 21 December 2020. £4.0 million of cash was paid to the sellers on completion of the deal along with a further £0.8 million being settled through issue of IQGeo shares. The consolidated statement of financial position includes liabilities for further deferred and contingent consideration totalling £1.5 million to be settled through issue of cash and shares in December 2021 and January 2022.

Non-current assets

Total non-current assets were £10.6 million (2019: £3.8 million).

As at 31 December 2020, £7.0 million of intangible assets associated with the OSPI acquisition are included within non-current assets.

Capitalised development costs at 31 December 2020 were £1.8 million (2019: £1.5 million) with the increase reflecting the investment in the IQGeo product suite. No change has been made to the current three-year amortisation period, due to the fast-moving nature of the technology.

Current assets

Total current assets increased to £16.8 million (2019: £15.4 million).

The consideration for disposal of the RTLS SmartSpace business included £2 million in a rollover investment into the sold business. On 29 December 2020, the Group entered into an agreement to sell its shares in the rollover investment for a consideration of £2.5 million. The sale completed and £2.5 million cash was received by IQGeo in January 2021. As at 31 December 2020, the investment has been reclassified as a current asset held for sale within the consolidated statement of financial position at a value of £2.5 million.

Total assets

Total assets increased to £27.5 million (2019: £19.2 million) due to non-current assets associated with the OSPI acquisition.

Current liabilities

Total current liabilities increased to £6.2 million (2019: £3.3 million) which includes an increase in deferred revenue of £1.7 million and deferred acquisition payables of £0.7 million.

Non-current liabilities

Total non-current liabilities increased to £3.2 million (2019: £0.3 million) due to the recognition of lease obligations as our Denver operations relocated to new premises during the year. Additionally £0.7 million contingent consideration relating to the OSPI acquisition has been recognised.

Net assets

Net assets increased to £18.1 million (2019: £15.6 million).

Cash and cash flow

Operating cash outflow before working capital movement was £2.8 million (2019: £4.9 million). Operating cash outflow from operating activities after adjusting for working capital and tax was £2.3 million (2019: £4.7 million).

The Group had investment outflows of £1.3 million (2019: £1.2 million) due to expenditure on capitalised software development costs and £4.0 million associated with the OSPI acquisition.

Cash inflows from financing activities were £5.8 million (2019: £11.2 million outflow) primarily due to the fundraise completed in December 2020. Additionally, £0.7 million of cash inflow related to a bank loan provided by HSBC bank USA under the Paycheck Protection Program.

Going concern

The Directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. The projections prepared show that the Group will be able to operate within the current levels of cash available. In addition to the year-end cash balance, a further £2.5 million was received in January 2021 from the sale of the minority stake in the former RTLS business. Also in January, £0.4 million was received from HMRC as a result of R&D tax credit claims in respect of the 2018 and 2019 financial years. At the end of January 2021, the Group had cash net of borrowings of £13.1 million.

Based on the funding available, 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
22 March 2021

Principal risks and uncertainties

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

The Directors of IQGeo Group plc confirm that we have carried out a detailed assessment of the principal risks facing the Company, 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.

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.

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	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. The OSPI acquisition has resulted in higher fixed operating costs through growth in staff headcount. If the Group is unable to deliver growth to exceed the costs of operation then ultimately its cash resources will be fully consumed. **Link to strategy:** Regional growth; Building recurring revenue base	• Subscription revenue model provides greater stability to revenue, cash flows and operations in future periods. The OSPI business acquired has a customer base with £2.0 million of ARR. • Assigned an integration team following the OSPI acquisition. • 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.	Increase
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. **Link to strategy:** Regional growth	• 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.	No change

Key

Increase — Decrease — No change

Regional growth — Building recurring revenue base — Product innovation

Principal risk and impact	Mitigation of risk	Change
Dependence on key customers The Group has a concentrated customer base, many of which are 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. **Link to strategy:**	• 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 OSPI acquisition has broadened the customer base adding 200+ logos. • 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.	
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. 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. **Link to strategy:**	• 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.	
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. **Link to strategy:**	• 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.	

Principal risks and uncertainties continued

Strategic risks continued

Principal risk and impact	Mitigation of risk	Change
Covid-19 or other pandemics 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. The ability to travel has been impacted by travel restrictions. Key tradeshows have been cancelled and there is uncertainty as to when these activities will recommence. Customer decision making may be delayed by operational priorities or a broader economic downturn. IQGeo's offices and those of its customers have been affected by temporary quarantine measures. Global economic downturn caused by virus spread may slow down investment plans for IQGeo target customers. **Link to strategy:**	• 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. • Implemented travel and quarantine policy for staff as well as comprehensive work from home capabilities. • Pipeline and forecast is risk weighted appropriately to reflect impact of virus.	

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.	• 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.	
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.	
International trade On 31 January 2020, the UK left the European Union. The risks include a potential increase in the level of market volatility and barriers to trade between the UK and the EU following the end of the transition arrangements on 31 December 2020. The Group is exposed to economic downturn within the markets in which it operates.	• IQGeo Germany GmbH, a German based subsidiary of IQGeo Group plc, will contract with new customers based in the European Union. • 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.	–

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 clawback consideration paid, should additional liabilities crystallise at a later date.	• The Group has worked extensively with external advisers in concluding the transaction.	–
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.	–
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 impact of Covid-19 has added additional volatility to foreign currency rates.	• 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.	↑
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, product development costs and the application of IFRS 3 Business Combinations following the acquisition of OSPInsight International Inc.	• 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.	–

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

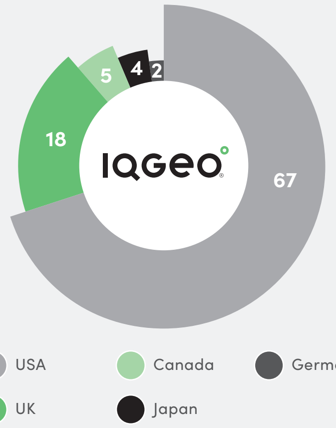
The Strategic Report was approved by the Board of Directors on 22 March 2021 and signed on its behalf by:

Haywood Chapman
Chief Financial Officer
22 March 2021

Environment, employee engagement and CSR

2020 was a challenging year for all, and due to the decision made to adapt to the Covid-19 pandemic, no staff were either furloughed or made redundant.

IQGeo global staff distribution



Offices and environment

Prior to the Covid-19 crisis, the Company was working to renew office space leases in both the Denver and Cambridge locations. The Denver office moved into a new space that provides a modern and upscale high-tech space with a working environment conducive to collaborative team efforts. In addition, the Denver office continues with its environmentally conscious responsibility by continuing to provide office recycling as well as introducing composting. Office lights are on motion-sensors to reduce electric consumption automatically when areas of the office are dormant. While staying under budget, the new office was able to provide desks with adjustable heights to accommodate any individual desired workspace, supporting employee health and well-being.

Later in 2020, the Cambridge office moved to a new facility that is a 10-minute walk from the old location. This new serviced office facility has been totally remodelled and has more dedicated meeting and quiet space. Both new facilities support growth and productivity and will provide excellent working environments for staff when they are able to return to the office.

Covid-19 response

2020 was a challenging year for all, and the Company made tough but strategic decisions to adapt to the Covid-19 pandemic. In addition to revising the budget, there was a concerted effort to protect staff positions from redundancy. These defensive actions included a temporary salary reduction that was restored before the year end.

Other actions included moving staff to a full-time home working model, no travel, and a policy of protocols designed to safeguard those staff members that spent time in an office. IT and HR were quick to set up support structures to enable staff to continue working from home without missing a step. Meetings continued with MS Teams, and using video we were able to stay visually connected. To ensure team cohesion and collaboration, we implemented monthly All-hands meetings that provide every member of staff with an update on developments across the business.

CSR

With the world in lockdown, continuing our efforts at remaining in touch with our global and local communities was challenging in 2020. To support this effort the Company made two changes to further stay connected in our communities. We added a second Charity Day in the US to encourage staff to help out not only with local charities, but to donate time for worthwhile organisations. The other change was the introduction of a UK Charitable Giving Programme. This voluntary programme allows UK staff to donate funds to registered charities of their choice, all through payroll deduction. We are pleased to share that 50% of our UK employees are now participating in this new programme by setting up recurring donations. We will look to replicate this programme in our other country locations in the future.

Key statistics

8.6
Employees would recommend IQGeo as an employer – 8.6/10

8.6
Employees understand the strategy and direction of IQGeo – 8.6/10

9.1
Employees feel the management team manages them well – 9.1/10

8.5
Employees feel they have job security with IQGeo – 8.5/10

8.1
Employees are satisfied with their benefits package – 8.1/10

People profiles

Clark Stevenson,
Director of Customer Success
Location: Salt Lake City, Utah
Started: December 2020

Job role overview/experience: For over 15 years, Clark has worked directly with OSPInsight customers and continues to do so on IQGeo's SMB team. From training, consulting, account management, to now leading the Customer Success team, his passion has always been being an advocate for the customer.

What excites you most about IQGeo?
The emphasis that IQGeo puts on being agile with product and providing the customer with solutions fast is tremendously exciting. I've always hated telling a customer we can't provide a solution. With IQGeo's current offerings, and commitment to listening and providing future solutions, Customer Success is going to be much stronger.

What's your favourite thing to do outside work? All sorts of family activities with my wife and two kids: board games, video games, hiking, movies and the like. I love being active and have taken running up as hobby in recent years.

Dayna Kornman,
Senior Project Manager
Location: Squamish, BC, Canada
Started: 2012

Job role overview/experience:
GIS expert Dayna manages and supports utility and telecoms customers with new IQGeo installations, providing ongoing operational support, custom development and interfacing projects. She also helps customers to identify business cases for future IQGeo projects to streamline operations across the business. Her customers include: Bell Canada, Portland General Electric (PGE), North West Natural Gas (NW Natural), Duke Energy and Comporium.

What excites you most about IQGeo?
The future. Year on year, the achievements of my peers and company blow me away. I can't wait to see where IQGeo goes next. I feel very fortunate to grow with the company during this exciting time.

What's your favourite thing to do outside work? Spending time with my family in the beautiful outdoors. I love yoga, mountain biking, snowboarding, travelling and cooking. Put them all together = the perfect holiday.

Matt Jones,
Principal Solutions Architect
Location: Cambridge, UK
Started: 2017

Job role overview/experience:
Matt's expertise lies in his ability to bridge the gap between technology and business to clearly understand customer problems. He then works closely with a customer's IT and business teams to develop and architect innovative technical solutions to help address these challenges.

What excites you most about IQGeo?
The potential. I think we've only just scratched the surface when it comes to improving systems and processes for our customers across telecoms and utilities.

What's your favourite thing to do outside work? Getting outside; running, hiking, cycling, playing golf and travelling.

Section 172 statement

As required by Section 172 of the UK's Companies Act, a director of a company must act in the way 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 below.

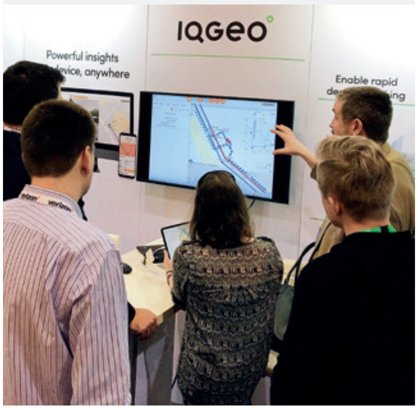
Shareholders

During the year, and alongside the updated website, a regular email update was sent to interested investors and prospective investors to provide insights on the Company's progress and achievements.

The primary mechanism for engaging with shareholders in more depth is via the annual cycle of investor meetings associated with financial results for the half year and the full year, and the AGM.

Investors showed their support of the Board and the Company's strategy with all votes cast in favour of the resolutions at the General Meeting and the Annual General Meeting, apart from one resolution at the AGM. At the 2020 AGM, all Directors were put up for re-election and were re-elected, excluding Timothy Gingell who had already announced his intention to step down from the Board.

The main topics of discussion with shareholders were focused on the strategic shift to a subscription revenue model, the outlook on cash flow and reaching breakeven, and strategy behind business growth.



Customers

The Company engaged in a detailed review of use cases with its customers, identifying opportunities for product development and clarifying the competitive advantage that IQGeo has in its chosen target vertical markets.

Due to the Covid-19 pandemic, the Company was unable to hold its annual 'IQGeo Meet-up' in Denver to which many of its customers and prospects would attend to share their experiences and successes, as well as learn about future product development plans. In place of this live event the Company held two "Virtual Meet-up" events. One in May for our Japanese customers (conducted in Japanese) and a second in October (conducted in English) for North America and EMEA customers. In total we had 623 people register for these two events and content from these sessions was also posted for on-demand video viewing after the live events.

The Board gained insights on customers, in addition to reports from the Executive Directors, during Board meeting sessions through the year dedicated to North America from the General Manager Jay Cadman and then at a separate meeting focused on Europe and Japan from the General Manager Christian Wirth.

Employees

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Therefore, it is important that we continue to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential.

During 2020 Denver-based staff were consulted on the design of new office space following the end of its prior lease in April 2020.

The Covid-19 pandemic has had a significant impact on the way that staff work and interact with each other and quickly shifted to remote working at the start of the pandemic in 2020. Management have continued to hold regular all-hands staff briefings with guest presenters from within the IQGeo organisation to maintain good lines of communication and a strong team ethos. Staff will continue to work remotely for the foreseeable future.

The Board and management team pay close attention to the results of the employee survey carried out annually in the fourth quarter, taking note of trends and developments and creating action plans to address any issues arising.

Community & environment

Being a software company, the Company tries to minimise its impact on the environment through a number of measures, including the following

- Providing products to customers to improve the safety of their operations (particularly to reduce the risk of gas explosions), and restore service after storm damage
- Supporting its customers in improving their collaboration and productivity, thereby reducing travel and waste
- Providing public transport season tickets to Denver-based staff

Board of Directors

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.

Paul Taylor
Chair

A* R N

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.

Other appointments

Paul now serves as a non-executive director of Thruvision Group plc and Trustee of CADCentre Pension Fund.

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.

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 10 acquisitions to a £26 million revenue, £6.3 million EBITDA company with 68% recurring revenue which was recently sold to TA backed MRI Software, returning more than 4x to initial investors.

Other appointments

None.

Key

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

Dr. Robert Sansom
Non-Executive Director

N *

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 Arachnys Information Services Ltd, Myrtle Software Ltd, Featurespace Ltd, Camfed International, Cambridge Communication Systems Ltd, CRFS Ltd and Netronome Inc.

Ian Kershaw
Non-Executive Director

A R I

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.

Max Royde
Non-Executive Director

R *

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 also a fund manager of Kestrel Opportunities, sits on the Investment Committee for KITS and is a non-executive Director of Ingenta PLC.

Andy MacLeod
Non-Executive Director

I

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.

Corporate governance report

In accordance with the guidance published by the London Stock Exchange, the Group has adopted the Quoted Company Alliance's (QCA) Corporate Governance Code for Small and Mid-Sized Quoted Companies which was published in April 2018.

Principle 1:

Establish a strategy and business model which promotes long-term value for shareholders

IQGeo has defined the telecoms and utility industries as its target vertical markets. The business strategy is to develop and sell its highly innovative geospatial productivity and collaboration software to these industries, transforming the customers' ability to plan, design, install and service networks including 5G, fibre, coaxial, electricity, gas and water.

The Group is focused on a three-point strategy to achieve the goal of building a fast-growing and cash generative business.

Regional growth

- Increase the number of new logos or customers signed in our key markets
- Build commercial partnerships to address specific markets or use-cases
- Increase the Annual Recurring Revenue (ARR) received from each existing customer for IQGeo's products whilst managing down the legacy third party service business

Building the recurring revenue base

- Increase the number of new customers establishing subscription contracts
- Create subscription-only product offerings to maximise ARR
- Build and retain a significant ARR order base enabling the business to generate positive cash flow

Product innovation

- Develop customer-driven product roadmaps solving enterprise-level business challenges
- Further develop the modular software platform addressing known customer issues
- Clearly establish with customers the short-term and long-term benefits that IQGeo products will deliver

Principle 2:

Seek to understand and meet shareholder expectations

The Company maintains a dedicated contact form which is prominently displayed on its website together with the Company's address and phone number for investors to use.

The Company holds an Annual General Meeting (AGM) to which all members are invited. During the AGM, time is set aside specifically to allow questions from attending members to any Board member.

As the Company is too small to have a dedicated investor relations department, the Chair and CEO are responsible for reviewing all communications received from members and determining the most appropriate response, engaging the executive team and Board as needed.

In addition to these passive measures, the CEO typically engages with members through investor roadshows held at least twice each year following the release of results.

Principle 3:

Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to members, the Company believes its main stakeholder groups are its customers, employees and the wider community.

The Company devotes significant time to understanding and acting on the needs and requirements of these groups through dedicated meetings and activities designed to obtain feedback directly from the stakeholders.

With regard to corporate social responsibility (CSR), the global lockdown has made it challenging for the Company to support CSR programmes through corporate activities sponsored by its regional offices. However, by adding a second Charity Day the Company encouraged its US staff to donate more time to worthwhile organisations and through the introduction of a UK Charitable Giving Programme encouraged UK staff to donate to registered charities of their choice through a payroll deduction.

IQGeo believes that participation in CSR activities is a fundamental responsibility of the Company. It encourages the personal development of employees and greater community integration, which helps contribute to the long-term success of the Company by creating a more experienced, passionate and productive workforce.

Principle 4:

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risk management on pages 32 to 35 of our 2020 Annual Report details risks to the business, how these are mitigated and the change in identified risks over the last reporting period.

The Board considers risk to the business at every Board meeting and the risk register is regularly reviewed. The Company formally reviews and documents the principal risks to the business at least annually.

Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance and discuss budgets, forecasts and new risks associated with ongoing trading.

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.

Principle 5:

Maintain the Board as a well-functioning, balanced team led by the Chair

The Company is controlled by the Board of Directors. The Board comprises the Non-Executive Chair, four Non-Executive Directors and two Executive Directors. The Non-Executive Chair is responsible for running the Board and Richard Petti, the Chief Executive, has responsibility for running the Group's business and implementing Group strategy.

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.

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

All Directors receive regular and timely information on the Group's operational and financial performance. 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 has started the search for an additional Independent Non-Executive Director to address this matter.

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

16 Board meetings were held in 2020.

Attendance at the meetings was as follows:

Total meetings attended

Paul Taylor	16 (16)
Richard Petti	16 (16)
Tim Gingell	10 (10)
Robert Sansom	15 (16)
Ian Kershaw	16 (16)
Andy MacLeod	13 (16)
Max Royde	16 (16)
Haywood Chapman	4 (4)

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

Principle 6:

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

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 roles of the Chair and CEO are split in accordance with best practice. The Chair has responsibility of 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 Nomination Committee of the Board oversees the process and makes recommendations to the Board on all new Board appointments. Where new Board appointments are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

The Nomination Committee also considers succession planning.

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

Principle 7:

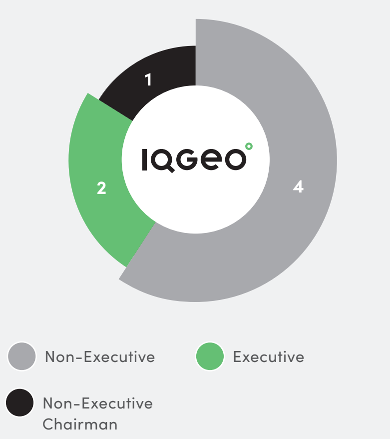
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

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.

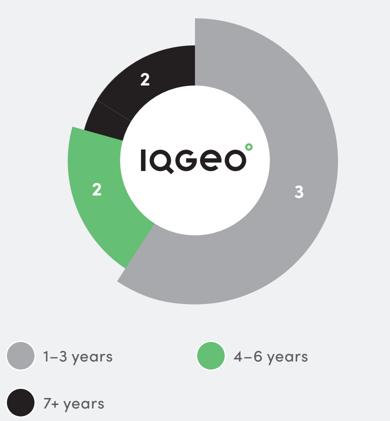
The Chair ensures that full consideration of the development of the Board is addressed by reviewing the Board composition annually in consultation with the other Board members.
The Board, through its Remuneration Committee, ensures that appropriate annual performance targets are set for Executive Board 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.

Board composition



Length of tenure (years)



Principle 8:

Promote a corporate culture that is based on ethical values and behaviours

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.

Principle 9:

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board of IQGeo Group plc currently comprises two Executive Directors, one Non-Executive Chair and four Non-Executive Directors. For now, the Board considers its composition appropriate given the size of the Company, its revenues and profitability.

The key Board roles are as follows

- Chair: The primary responsibility of the Chair is to lead the Board effectively and to oversee 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
- CEO: Charged with the delivery of the business model within the strategy set by the Board. Works with the Chair and Non-Executive Directors in an open and transparent way. Keeps 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 Board has three sub-committees as follows

- Audit Committee: See Audit Committee report for further details
- Remuneration Committee: See Remuneration Committee report for further details
- Nomination Committee: The Nomination Committee will consider the selection and re-appointment of Board members

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 two times on a formal basis. The Nomination Committee is expected to meet formally twice a year. A summary of Nomination Committee composition and attendance was as follows:

Total meetings attended	
Robert Sansom (Chair)	2 (2)
Paul Taylor	2 (2)

Principle 10:

Communicate how the Company is governed and is performing by maintaining a dialogue with other relevant stakeholders

The Company views shareholders, customers, employees and the wider community as the key stakeholders.

The Company communicates with its shareholders through regular emails, the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with existing and prospective shareholders.

The Company keenly engages with customers on their use of the products and their desire for future potential development. The Company consults with customers on opportunities for exploiting, or expanding, features and functions of their existing deployment to gain the benefits of further productivity and collaboration.

Each year the Company holds a two-day customer conference called the IQGeo Meet-up in Denver. During this interactive event, customers share their challenges and experiences with IQGeo products and engage in workshops and networking activities that promote collaboration with IQGeo and between customers. Due to the Covid-19 pandemic, the Company was unable to hold the IQGeo Meet-up in 2020. In place of this live event the Company held two "Virtual Meet-up" events in 2020. One in May for our Japanese customers (conducted in Japanese) and a second in October (conducted in English) for North America and EMEA customers. In total we had 623 people register for these two events and content from these sessions was also posted for on-demand video viewing after the live events.

The Company engages with employees on a regular basis through all-hands meetings, performance reviews and employee surveys. There is a well-established internal communication process that provides employees with the latest product development, sales, IT and HR information, and essential corporate resources are made available to all employees on an internal IQGeo portal.

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 Denver and Cambridge offices from time to time on an informal basis to talk to staff and join Company events where appropriate and possible.

Audit Committee report

A summary of Committee composition and attendance is as follows:

Paul Taylor (Chair)	4 (4)
Ian Kershaw	4 (4)

"

The Committee continues to be satisfied with the integrity of IQGeo's financial reporting through robust internal controls and the implementation of appropriate accounting policies.

This report describes the work of the Audit Committee (the 'Committee') and the significant issues it considered in 2020.

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. There were no changes to the Committee membership during the year.

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 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.

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 appointment, re-appointment or removal of the external auditors
  - 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
  - Review management's and the internal auditor's reports 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 OSPInsight International Inc.
- The Group's revenue recognition policies applied during the year
- 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 to the financial statements. The non-audit services charged by Grant Thornton in 2020 relate to the review of half-year results, the provision of tax advisory services and UK tax compliance 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

A summary of Committee composition and attendance is as follows:

Max Royde (Chair)	2 (2)
Paul Taylor	2 (2)
Ian Kershaw	2 (2)

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

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

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 twice on a formal basis. The Committee is expected to meet formally twice a year.

The Remuneration Committee comprises of Max Royde, Paul Taylor 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	excluding pensions £'000	Pensions £'000	**Total 2020 £'000**	Total 2019 £'000
Richard Petti[1]	230	4	100	334	9	**343**	330
Tim Gingell[2]	73	3	–	76	8	**84**	216
Haywood Chapman[3]	53	1	25	79	4	**83**	–
Executive Directors	356	8	125	489	21	**510**	546
Paul Taylor[4]	80	–	–	80	–	**80**	79
Peter Harverson[5]	–	–	–	–	–	**–**	46
Robert Sansom[6]	–	–	–	–	–	**–**	–
Ian Kershaw	20	–	–	20	–	**20**	20
Oliver Scott[7]	–	–	–	–	–	**–**	17
Andy MacLeod[8]	25	–	–	25	–	**25**	13
Max Royde[7]	20	–	–	20	–	**20**	3
Non-Executive Directors	145	–	–	145	–	**145**	178
Total	501	8	125	634	21	**655**	724

1. Richard Petti is entitled to a performance-related bonus of up to £125,000 and receives a car allowance of £9,000.
2. Tim Gingell resigned as a Director on 25 September 2020.
3. Haywood Chapman commenced employment on 10 September 2020 with a base salary of £180,000 and is entitled to a performance-related bonus of up to £85,000. Haywood was appointed as a Director of the Company on 25 September 2020.
4. Paul Taylor was confirmed as Chair of the Company on 19 February 2019. The annual remuneration of the appointment is £75,000 with an additional £5,000 per annum whilst chair of the Audit Committee.
5. Peter Harverson resigned, and left, as Chair of the Company on 13 February 2019. A final settlement of £18,750 was paid on his departure from the Company.
6. Robert Sansom has waived his entitlement to annual remuneration of £25,000 (2019: £25,000 waived).
7. Max Royde was appointed, and Oliver Scott resigned, as Non-Executive Director of the Company on 31 October 2019. The annual remuneration of the appointment is £20,000.
8. Andy MacLeod was appointed Non-Executive Director of the Company on 21 June 2019. The annual remuneration of the appointment is £25,000.

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 does 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 Executive Directors and employees of the Group. IQGeo Group plc granted a total of 2,221,000 options of two pence each in the Company to the Directors 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	Vests Year	Expires Year	Exercise price £	Awards outstanding at 1 January 2020 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	**Awards outstanding at 31 December 2020 Number**	**Awards exercisable at 31 December 2020 Number**
Richard Petti	2016	2019	2026	0.020	1,600,000	–	–	1,600,000	**–**	**–**
Richard Petti	2020	2023	2030	0.460	–	1,600,000	–	–	**1,600,000**	**–**
Tim Gingell	2016	2019	2026	0.020	700,000	–	–	700,000	**–**	**–**
Paul Taylor	2020	2023	2030	0.460	–	121,000	–	–	**121,000**	**–**
Haywood Chapman	2020	2023	2030	0.675	–	500,000	–	–	**500,000**	**–**
Total					2,300,000	2,221,000	–	2,300,000	**2,221,000**	**–**

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 2020. The corporate governance report set out on pages 42 to 47 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 66 and are explained in the Chief Financial Officer's statement on pages 28 to 31. A detailed review of the business, its results and future direction is included in the Non-Executive Chair's statement on pages 6 and 7.

On 21 December 2020 the Group acquired OSPInsight International Inc. ("OSPI") for a total consideration of up to $8.75 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 is extremely minimal.

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 22 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 23.

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.

On 1 December 2020 the Group successfully completed a fundraise issuing 6,794,872 of the Company's ordinary shares at 78 pence per share raising net proceeds of £5.2 million. The proceeds were used to fund the acquisition of OSPI which completed on 21 December 2020.

As at 31 December 2020, the Company had 57,312,252 ordinary shares in issue.

Substantial shareholdings

As at 22 March 2021, the Company had been notified of the following significant interests in its ordinary share capital

	Total holding Number	% of issued share capital
Kestrel Partners	14,347,020	25.0
Columbia Threadneedle Investments	9,858,129	17.2
Canaccord Genuity Group Inc.	8,211,295	14.3
Robert Sansom	4,216,329	7.4
NFU Mutual Insurance Society Ltd	2,658,457	4.6
Janus Henderson Investors	1,791,378	3.1
Teviot Partners	1,760,758	3.1

Directors' report continued

Directors

The Directors serving at 31 December 2020 were as follows:

Paul Taylor
Riccardo (Richard) Petti
Haywood Chapman
Robert Sansom
Max Royde
Ian Kershaw
Andrew MacLeod

Board changes

Tim Gingell resigned as Chief Financial Officer on 25 September 2020 and was succeeded by Haywood Chapman, who was appointed on the same day.

Directors' interests – shares

Directors' interests in the ordinary shares of IQGeo Group plc at 31 December 2020 were as follows:

	2020 Number	2019 Number
Paul Taylor	**255,562**	191,459
Richard Petti	**197,764**	133,661
Haywood Chapman	**102,564**	–
Robert Sansom	**4,216,329**	3,831,714
Ian Kershaw	**38,231**	2,000
Andrew MacLeod	**64,103**	–
Total	**4,874,553**	4,158,834

All Directors, excluding Max Royde, participated in the 1 December 2020 placing, subscribing to a combined total of 698,719 ordinary shares.

Max Royde has no direct interest in the ordinary shares of IQGeo Group plc but is a partner with the significant shareholder Kestrel Partners. Kestrel Partners also participated in the 1 December 2020 placing acquiring 1,666,667 ordinary shares.

There has been no change in the Directors' interests set out above between 31 December 2020 and 22 March 2021 other than Ian Kershaw acquiring 13,600 shares at a price of 102.94 pence on 18 January 2021.

Directors' interests

Details of Directors' remuneration and share options are provided in the Remuneration Committee report on pages 50 to 52. 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 26 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

On 29 December 2020, the Group entered into an agreement to sell its shares in Abyssinian Topco Limited during January 2021 for a consideration of £2.5 million. Full payment was received in January 2021 and the sale completed.

There are no other post-balance sheet events to report.

Dividends

The Directors do not recommend payment of a dividend for the year (2019: £nil).

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
22 March 2021

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
- 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 2020, 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 group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

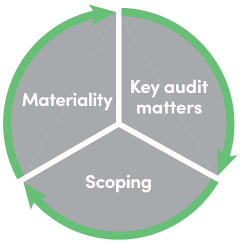
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Grant Thornton



Overview of our audit approach

Overall materiality:

Group: £216,000, which represents approximately 5% of the group's loss before taxation as assessed at planning stage.

Parent company: £162,000, which is 0.5% of the parent company's total assets capped at its component materiality, being 75% of group materiality.

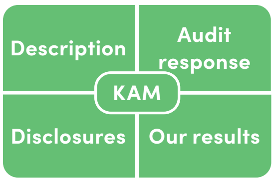
Key audit matters were identified as

- improper recognition of revenue due to fraud (same as previous year); and
- capitalisation of intangible development costs may not be appropriate (same as previous year); and
- carrying value of capitalised development costs may not be appropriate (same as previous year);
- valuation of acquired intangible assets (new);
- going concern basis of accounting (new); and
- recoverable value of amounts due from subsidiary undertakings (same as previous year)

All of the key audit matters that were identified in our auditor's report for the year 31 December 2019 have been reported as key audit matters in our current year's report except for the carrying value of investment in subsidiary undertakings which was a key audit matter in 2019 and is not considered to be in 2020.

We performed:

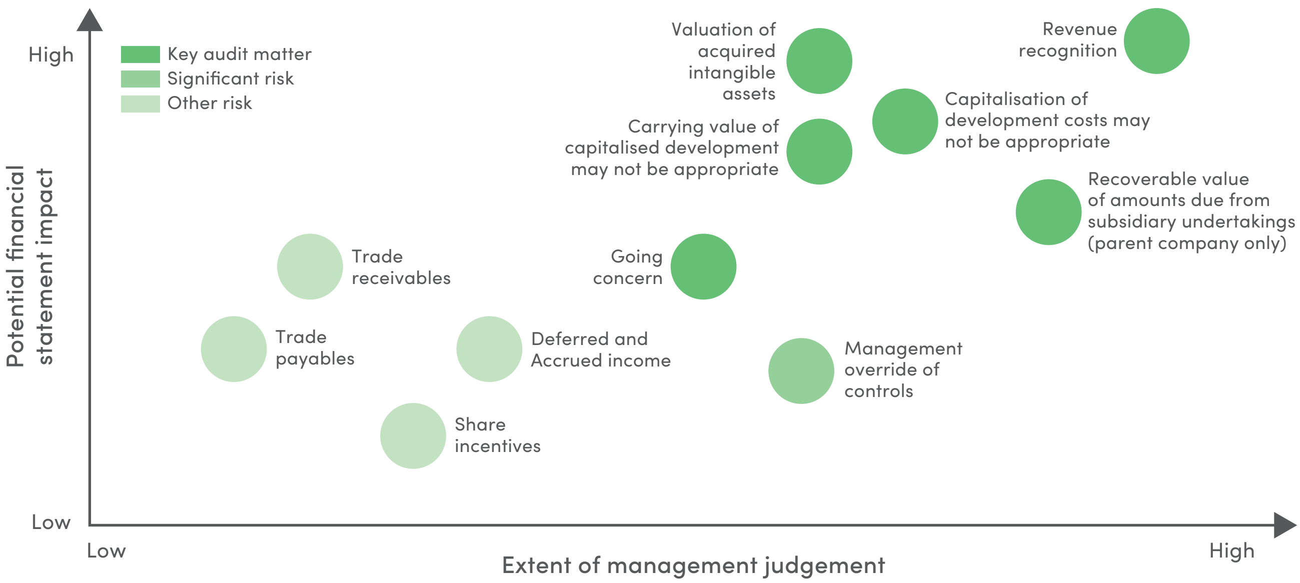
- an audit of the financial information of the parent company IQGeo Group plc, IQGeo America Inc. and IQGeo UK Limited using component materiality;
- specific audit procedures on the financial statements were performed for IQGeo Solutions Canada Inc and OSPInsight International Inc.; and
- analytical procedures for all other components of the Group.



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.



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
Risk 1 Improper recognition of revenue due to fraud We identified improper recognition of revenue 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 rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue due to fraud. 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 revenues of £9.2m (2019: £7.8m). The nature of the Group's revenue includes sales of software, maintenance and support, software subscription, labour and installation services. IQGeo Group plc has continued its transition to a recurring software subscription revenue model to increase its recurring revenue streams. This has increased the amount of assessment required of each contract due to the different terms agreed and so increases the audit risk. Subscription contracts are structured as a term software licence sold together with maintenance and support. Each contract requires assessment to ensure that each stream within the contract is being recognised in accordance with IFRS 15. The group's revenue is material to the financial statements and comprises multiple distinct performance obligations which adds complexity to how revenue is recognised. Revenue recognition is dependent upon identifying the relevant distinct performance obligations, ensuring the revenue allocated to the performance obligation is based on standalone pricing and appropriate allocation of discount to ensure the correct revenue is recognised. **Relevant disclosures in the Annual Report and Accounts 2020** The Group's accounting policy on revenue recognition is set out in note 3 to the financial statements, critical accounting judgements and key sources of estimation uncertainty are included in note 4 and related disclosures are included in note 5 Business information.	In responding to the key audit matter we performed following audit procedures: • assessing revenue recognition policies for consistency and compliance with IFRS 15 'Revenue from Contracts with Customers'; • performing analytical procedures, disaggregated by revenue stream, entity and month, by identifying key movements and significant transactions which have occurred in the year and then obtaining explanations and corroborating evidence for key movements and significant transactions identified; • understanding the basis for pricing of revenue streams within contracts and considering performance obligations to assess whether revenue is being recognised in accordance with IFRS 15 and the contracts obtained and the allocation of discounts across performance obligations; • for software revenue, agreeing a sample of revenue to either customer confirmation of receipt of access to new licences, or purchase orders for renewal of licences; • for maintenance and support revenue, obtaining a sample of purchase orders, recalculating revenue recognised and checking to contract periods; • for labour and installation services revenue, agreeing a sample of revenue to signed contracts or purchase orders and tracing a sample of time booked to revenue to timesheets, subcontractor invoices or other supporting documentation; • for subscription contracts, evaluating the standalone pricing and recalculating the allocation of discounts across the distinct performance obligations for a sample of revenue; and • for a sample of deferred and accrued income balances across all revenue streams, recalculating revenue recognised and checking to invoices and other supporting documentation. **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 stated accounting policies.
Risk 2 – Capitalisation of intangible development costs may not be appropriate We identified capitalisation of intangible development costs as one of the most significant assessed risks of material misstatement due to error. During the year, the group capitalised £1.3m (2019: £1.1m) of development costs in relation to various projects. In capitalising these costs, management makes judgments 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 and Accounts 2020** The Group's accounting policy on research and development expenditure is set out in note 3 to the financial statements, critical accounting judgements and key sources of estimation uncertainty are included in note 4 and related disclosures are included in note 13 Intangible assets.	In responding to the key audit matter we performed the following audit procedures: • assessing product development activities alongside the qualifying nature of the projects, including obtaining an understanding from management of the details of projects capitalised and challenging whether they relate to additional functionality, enhancements or new product development, to ensure that capitalisation is in accordance with the recognition criteria under IAS 38; • assessing managements' intention to complete new projects and the availability of resources to do this and corroborated this to future revenue and cost forecasts; • recalculating the mathematical accuracy of capitalised amounts; and • agreeing amounts capitalised to supporting evidence including timesheets. **Our results** Based on our audit work, we are satisfied that the judgements made by management to capitalise development costs are appropriate.

Key Audit Matter – Group	How our scope addressed the matter – Group
Risk 3 - Carrying value of capitalised development costs may not be appropriate We identified the carrying value of capitalised development costs as one of the most significant assessed risks of material misstatement due to error. There is a risk, given fast-moving technology, that developed products could become obsolete and will not be supported by future cash flows and hence capitalised development assets may become impaired. The net book value of capitalised development costs at the year-end amounted to £1.8m (2019: £1.5m), including amortisation charged on capitalised development costs of £1.0m (2018: £0.8m). 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 an inherent uncertainty involved in forecasting and discounting future cash flows **Relevant disclosures in the Annual Report and Accounts 2020** The Group's accounting policy on capitalised development valuation is set out in note 3 to the financial statements, critical accounting judgements and key sources of estimation uncertainty are included in note 4 and related disclosures are included in the Intangible assets note.	In responding to the key audit matter we performed the following audit procedures: • assessing the amortisation policy applied to capitalised development costs for, consistency with the approach applied in the prior year and challenging the determination of the useful economic life; • comparing projects against which amounts are capitalised to net present value calculations prepared by management, based on contractual and expected renewal revenue; • assessing forecast income by agreeing amounts to subscription agreements or maintenance and support renewal terms; • challenging managements assumptions regarding future revenue generation; • performing additional sensitivity analysis relating to the valuation of intangible assets, specifically around the discount rate; and • evaluating information in the net present value models including forecasts and management product development intentions to ensure it is consistent with our knowledge of the business obtained through discussions with management. **Our results** Based on our audit work, we are satisfied that the assumptions used in management's assessment of the carrying value of capitalised development costs were appropriate.
Risk 4 – Valuation of acquired intangible assets We identified valuation of acquired intangible assets as one of the most significant assessed risks of material misstatement due to error. There is a risk that the fair value of intangible assets recognised as part of the acquisition of OSPInsight International Inc. are misstated as there is significant judgement and complexity in performing such valuations which are reliant on management forecasts of future cash flows which are inherently subjective. The separable intangibles recognition on acquisition are acquired customer relationship of £2.1m, software of £0.5m and brands of £0.06m. **Relevant disclosures in the Annual Report and Accounts 2020** The Group's accounting policy on valuation of acquired intangibles is set out in note 3 to the financial statements, critical accounting judgements and key sources of estimation uncertainty are included in note 4 and related disclosures are included in note 6 Acquisitions and note 13 Intangible assets.	In responding to the key audit matter we performed the following audit procedures: • obtaining the valuation report prepared by management's expert supporting the recognition of intangible assets and agreeing to the disclosure in the financial statements; • consulting with our internal valuation experts on the basis and methodology adopted for the valuation models provided; • checking the appropriateness of discount rates and growth rates and source of management forecasts; and • assessing 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 business combination are appropriate.

Key audit matters continued

Key Audit Matter – Group	How our scope addressed the matter – Group
Risk 5 - Going concern basis of accounting We identified the going concern basis of accounting as one of the most significant assessed risks of material misstatement due to fraud and error as a result of the judgement required to conclude whether there is material uncertainty related to going concern. Covid-19 is amongst the most significant events currently faced on a global basis, and at the date of this report, its effects are continuing to have unprecedented levels of economic uncertainty which could adversely impact the future trading performance of the group. This global economic uncertainty increases the extent of judgement and estimation uncertainty associated with management's assessment to support the going concern basis of accounting in the preparation of the financial statements. Relevant disclosures in the Annual Report and Accounts 2020 The financial statements explain in note 3 the directors assessment that it is appropriate to adopt the going concern basis of accounting in preparing the Group financial statements.	In responding to the key audit matter we performed the following audit procedures: • discussing with management their assessment of the going concern basis of accounting, identifying key assumptions and evaluating supporting information, including budgets and cash flow forecasts; • challenging key assumptions in the forecasts, such as growth rates and the scope of scenario planning and sensitivity analysis performed by management given current economic conditions; • obtaining an understanding of financing agreements in place, management's assessment of their adequacy and plans to manage these; • evaluating the stress testing performed to determine when cash would run out under management's worse case scenario modelling and also what conditions would have to arise for cash to run out by March 2022; and • checking the disclosures concerning the basis of preparation of the financial statements on a going concern basis for consistency with the work undertaken and conclusions reached. Our results Based on our audit work, we are satisfied that the assumptions made in management's assessment of the use of the going concern basis in preparation of financial statements were appropriate.

Key Audit Matter – Parent company	How our scope addressed the matter– Parent company
Risk 1 – Recoverable value of amounts due from subsidiary undertakings We identified the recoverable value of amounts due from subsidiary undertakings as one of the most significant assessed risks of material misstatement due to error as a result of the management judgement necessary to conclude whether a provision is required. IQGeo Group plc has £24.7m (2019: £19.0m) due from subsidiary undertakings. The subsidiaries are not all profit and cash generating in the current year. There is a risk that amounts due from subsidiary undertakings may not be recoverable. Relevant disclosures in the Annual Report and Accounts 2020 The parent company's accounting policy for considering the recoverable value of amounts due from subsidiary undertakings is set out in note 1 of the parent company financial statements as well as the judgements and estimation uncertainty. and related disclosures are in the note 6 Debtors of the parent company financial statements.	In responding to the key audit matter we performed the following audit procedures: • obtaining an understanding of how management have evaluated the recoverable amounts of intercompany debtors through cash settlement and net present value calculations; • challenging assumptions and inputs used in the models including forecasts, growth rates and discount rates; and • assessing 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 amounts due from subsidiary undertakings was appropriate.

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:

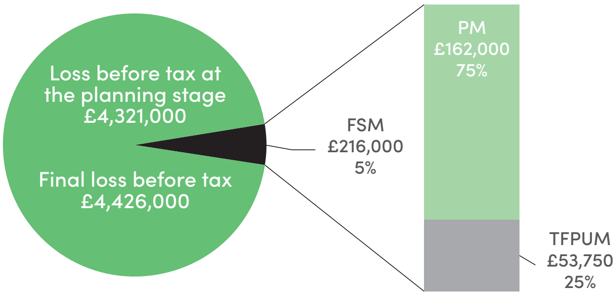
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£216,000 which is approximately 5% of the group's loss before tax ('LBT') as assessed at the planning stage of the audit fieldwork.	£162,000 which is 0.5% of the parent company's total assets capped at its component materiality, being 75% of group materiality.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: The Group is a commercially focused organisation but generating an operating loss. In the prior year we used loss before tax as the underlying benchmark. LBT is also a key performance measure for the company and is therefore of most interest to stakeholders. We used 5% as an appropriate benchmark percentage as the group had only limited debt and the business environment in which it operates is relatively stable. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2020 to reflect the group's lower levels of trading losses.	In determining materiality, we made the following significant judgements: The parent company does not generate trading revenues and holds investments in subsidiaries. On this basis total assets was considered to be the most appropriate benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2020 to reflect the group's lower levels of trading losses.
Significant revisions of materiality threshold that were made as the audit progressed	Our preliminary assessment of overall materiality was based on the initial 31 December 2020 financial results received at the planning stage. We did not revise materiality as actual financial results were not substantially different from the initial period end financial results that were used initially to determine materiality for the financial statements as a whole. We concluded that it remained appropriate to use materiality as determined in our risk assessment at planning stage.	Our preliminary assessment of overall materiality was based on the initial 31 December 2020 financial results received at the planning stage. The materiality applied by the parent company has been restricted to group performance materiality. We did not revise materiality as actual financial results were not substantially different from the initial period end financial results that were used initially to determine materiality for the financial statements as a whole. We concluded that it remained appropriate to use materiality as determined in our risk assessment at planning stage.

Our application of materiality continued

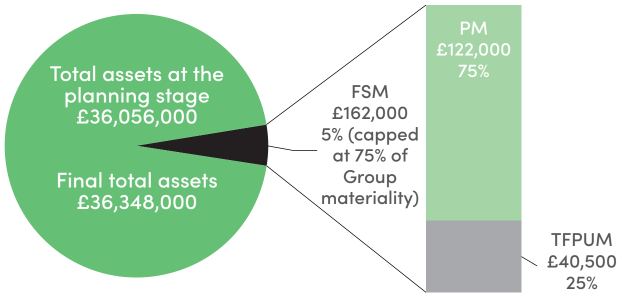
Materiality measure	Group	Parent company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£162,000 which is 75% of financial statement materiality.	£122,000 which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, significant judgements applied included our previous experience from auditing the financial statements of the group – we noted few misstatements in the prior year.	In determining materiality, significant judgements included our previous experience from auditing the financial statements of the company – we noted no misstatements in the prior year.
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 directors' remuneration and related party transactions due to the inherent sensitivity of these transactions and related disclosures.	We determined a lower level of specific materiality for directors' remuneration and related party transactions due to the inherent sensitivity of these transactions and related disclosures.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£10,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,100 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.
- IQGeo Group plc has centralised processes and controls over the key areas of audit focus. Group management are responsible for all judgemental processes and significant risk areas.

Identifying significant components

- 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. Significance was determined with regard to the group's total assets, revenues and earnings before taxation.

Type of work to be performed on financial information of parent and other components

- We performed an audit of the parent company IQGeo Group plc focussing on the key audit matter using parent company materiality
- We performed audits of the financial information of the component using component materiality were performed on the following entities in the Group: IQGeo UK Limited and IQGeo America Inc;
- Specified audit procedures were performed on the financial information of the following components: IQGeo Solutions Canada Inc and OSPInsight International Inc;
- Analytical procedures were performed for all other components including IQGeo Germany GmbH and IQGeo Japan K.K;
- The total percentage coverage of full-scope audit and specified audit procedures over the Group's revenue was 100%;
- The total percentage coverage of full scope audit and specified audit procedures over the Group's total assets was 96%; and
- Our audit approach in the current year is consistent with the audit approach adopted for the year ended 31 December 2019 being substantive in nature.

Other information

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

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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 its 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 for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (IFRS, Companies Act 2006 and AIM rules) and the relevant tax compliance regulations in the jurisdictions in which the company operates. We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.
- 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 inquiries 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 revenues or that reclassified costs from the income statement to the balance sheet; and
  - potential management bias in determining accounting estimates, especially in relation to valuation of acquired intangibles.
- 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 effectiveness 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 where significant accounting estimates;
  - utilising a valuation specialist to assist in the audit of management's valuation of acquired intangibles; and
  - journal entry testing, with a focus on material manual journals, including those with unusual account combinations.
- In addition, we completed 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intention 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;
- 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; and
  - understanding the legal and regulatory requirements specific to the entity.

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.

Alison Seekings

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

22 March 2021

Consolidated income statement

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	5	**9,155**	7,806
Cost of revenues		**(4,409)**	(4,563)
Gross profit		**4,746**	3,243
Operating expenses		**(9,074)**	(9,539)
Operating loss		**(4,328)**	(6,296)
Analysed as:			
Gross profit		**4,746**	3,243
Other operating expenses		**(7,241)**	(8,091)
Adjusted EBITDA		**(2,495)**	(4,848)
Depreciation	14,15	**(369)**	(285)
Amortisation of other intangible assets	13	**(1,002)**	(815)
Share option expense		**(130)**	(102)
Unrealised foreign exchange losses on intercompany trading balances		**(43)**	(110)
Non-recurring items	10	**(289)**	(136)
Operating loss		**(4,328)**	(6,296)
Finance income	9	**7**	72
Finance costs	9	**(105)**	(10)
Loss before tax		**(4,426)**	(6,234)
Income tax	11	**315**	64
Loss from continuing operations		**(4,111)**	(6,170)
Profit from discontinued operations	7	**—**	403
Loss for the year		**(4,111)**	(5,767)
Loss per share – continuing operations			
Basic	12	**(8.2p)**	(9.4p)
Diluted	12	**(8.2p)**	(9.4p)

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	2020 £'000	2019 £'000
Loss from continued operations	**(4,111)**	(6,170)
Profit from discontinued operations	**–**	403
Loss for the year	**(4,111)**	(5,767)
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange difference on retranslation of net assets and results of overseas subsidiaries from continuing operations	**80**	5
Items that will not be reclassified to profit and loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**500**	–
Total comprehensive loss for the year	**(3,531)**	(5,762)

Consolidated statement of changes in equity

for the year ended 31 December 2020

	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 2019	1,462	46,375	717	–	–	(1,871)	(14,411)	32,272
Loss for the year	–	–	–	–	–	–	(5,767)	(5,767)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	–	–	–	–	–	5	–	5
Total comprehensive loss for the year	–	–	–		–	5	(5,767)	(5,762)
Capital reduction	–	(28,948)	–	–	–	–	28,948	–
Repurchase and cancellation of shares	(476)	–	–	476	–	–	(10,950)	(10,950)
Exercise of share options	4	27	(6)	–	–	–	6	31
Lapse of share options	–	–	(60)	–	–	–	60	–
Reserve debit for equity-settled share-based payment	–	–	(19)	–	–	–	–	(19)
Transactions with owners	(472)	(28,921)	(85)	476	–	–	18,064	(10,938)
Balance at 31 December 2019	990	17,454	632	476	–	(1,866)	(2,114)	15,572
Loss for the year	–	–	–	–	–	–	(4,111)	(4,111)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	–	–	–	–	–	80	–	80
Other comprehensive income	–	–	–	–	–	–	500	500
Total comprehensive loss for the year	–	–	–	–	–	80	(3,611)	(3,531)
Issue of shares – fundraise, net of costs	136	5,030	–	–	–	–	–	5,166
Issue of shares – acquisition	18	–	–	–	739	–	–	757
Exercise of share options	2	10	(3)	–	–	–	3	12
Lapse of share options	–	–	(569)	–	–	–	569	–
Equity-settled share-based payment	–	–	130	–	–	–	–	130
Transactions with owners	156	5,040	(442)	–	739	–	572	6,065
Balance at 31 December 2020	**1,146**	**22,494**	**190**	**476**	**739**	**(1,786)**	**(5,153)**	**18,106**

Consolidated statement of financial position

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Intangible assets	13	**8,902**	1,596
Property, plant and equipment	14	**167**	86
Right-of-use assets	15	**1,567**	73
Investments	16	**—**	2,000
Total non-current assets		**10,636**	3,755
Current assets			
Trade and other receivables	17	**2,850**	2,353
Corporation tax receivable		**413**	16
Asset held for sale	16	**2,500**	–
Cash and cash equivalents	18	**11,078**	13,053
Total current assets		**16,841**	15,422
Total assets		**27,477**	19,177
Liabilities			
Current liabilities			
Trade and other payables	19	**(5,828)**	(3,241)
Bank loans payable	20	**(167)**	–
Lease obligation	21	**(208)**	(79)
Total current liabilities		**(6,203)**	(3,320)
Non-current liabilities			
Deferred income tax liabilities	11	**(351)**	(285)
Trade and other payables	6	**(746)**	–
Bank loans	20	**(433)**	–
Lease obligation	21	**(1,638)**	–
Total non-current liabilities		**(3,168)**	(285)
Total liabilities		**(9,371)**	(3,605)
Net assets		**18,106**	15,572
Equity attributable to owners of the Company			
Ordinary share capital	22	**1,146**	990
Share premium	22	**22,494**	17,454
Share-based payment reserve		**190**	632
Capital redemption reserve		**476**	476
Merger relief reserve		**739**	–
Translation reserve		**(1,786)**	(1,866)
Retained earnings		**(5,153)**	(2,114)
Equity attributable to shareholders of the Company		**18,106**	15,572

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2021 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 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Loss before tax from continuing operations		**(4,426)**	(6,234)
Gain/(loss) before tax from discontinued operations		**–**	161
Loss before tax		**(4,426)**	(6,073)
Adjustments for:			
Depreciation	14,15	**369**	285
Amortisation	13	**1,002**	815
Unrealised foreign exchange losses on intercompany trading balances		**43**	110
Share-based payment charge		**130**	(19)
Finance income	9	**(7)**	(72)
Finance costs	9	**105**	10
Operating cash flows before working capital movement		**(2,784)**	(4,944)
Change in receivables		**190**	388
Change in payables		**295**	(10)
Cash generated from operations before tax		**(2,299)**	(4,566)
Net income taxes received/(paid)		**(17)**	(124)
Net cash flows from operating activities		**(2,316)**	(4,690)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(165)**	(56)
Expenditure on intangible assets		**(1,307)**	(1,176)
Cash received on sale of the RTLS SmartSpace business unit		**–**	1,060
Disposal costs in relation to the RTLS SmartSpace business unit		**–**	(1,839)
Acquisition of subsidiaries, net of cash acquired		**(3,990)**	–
Interest received		**7**	72
Net cash flows from investing activities		**(5,455)**	(1,939)
Cash flows from financing activities			
Borrowings		**662**	–
Interest paid		**–**	(2)
Payment of lease liability		**(78)**	(238)
Repurchase of ordinary share capital		**–**	(10,950)
Proceeds from the issue of ordinary share capital		**5,178**	31
Net cash flows from financing activities		**5,762**	(11,159)
Net increase in cash and cash equivalents		**(2,009)**	(17,788)
Cash and cash equivalents at start of period		**13,053**	30,915
Exchange differences on cash and cash equivalents		**34**	(74)
Cash and cash equivalents at end of period	18	**11,078**	13,053

Notes to the consolidated financial statements

for the year ended 31 December 2020

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 2020, was 96.0 pence per share (31 December 2019: 57.5 pence).

The Company was incorporated as Ubisense Trading Limited on 11 October 2005 and changed its name to Ubisense Group plc on 31 May 2011 ahead of its initial public offering and listing on AIM on 22 June 2011. Following the sale of its RTLS SmartSpace business unit the Company changed its name to IQGeo Group plc on 2 January 2019 with its subsidiaries also changing name to IQGeo. The address of its registered office is Nine Hills Road, Cambridge, United Kingdom, CB2 1GE.

The Group has its operations in the UK, USA, Canada, Germany and Japan, and sells its products and services in North America, Japan, UK and Europe. The Group legally consists of six subsidiary companies headed by IQGeo Group plc.

The consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2021.

2 New accounting standards

The consolidated financial statements are prepared in accordance with 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 2019 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 2021, 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.

- IFRS17 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 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.

3 Summary of significant accounting policies continued

Going concern basis continued

In reaching their going concern conclusion, the Directors have considered that the Group had cash of £11.1 million, with £0.6 million bank debt as at 31 December 2020 and sufficient working capital to continue operations. Additionally, in January 2021, IQGeo received an additional £2.5 million on disposal of its rollover investment of the Ubisense business.

The Group's forecasts and projections, 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.

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 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of combination.

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 fair value of consideration received or receivable 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.

Software

Revenue earned from software sales under perpetual licence agreements with maintenance and support is recognised when the software is made available to the customer for use.

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 IFRS15 to recognise revenue over time are not satisfied, revenue is deferred until the software is available for customer use.

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.

Subscription

Software sold on a non perpetual basis consists of two performance obligations: a licence obligation for the temporary right to use the software and a post contract customer support obligation for the right to receive updates, enhancements, error corrections and support throughout the contracted term. The customer obtains the right to use the software once the licence has been delivered and the licence period starts. Revenue for the licence obligation is recognised at the point in time when the licence is delivered, whereas the maintenance and support obligation is satisfied over time and the associated revenue recognised on a straight-line basis over the term of the contract. Revenue not recognised in the consolidated income statement is classified as deferred revenue in the consolidated statement of financial position.

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 and can include, for senior employees, a diluted EPS performance target or share price target. 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.

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.

3 Summary of significant accounting policies continued

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.

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 3 years.

Customer relationships acquired following a business combination are amortised on a straight-line basis over their useful economic life which is 10 years.

Brands acquired following a business combination are amortised on a straight-line basis over their useful economic life which is 2 years.

Acquired software recognised following a business combination is amortised on a straight-line basis over their useful economic life which is 3 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 have been included in trade and other payables.

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.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

3 Summary of significant accounting policies continued

Financial instruments continued

Subsequent measurement of financial assets continued

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.

Investments

As part of the sale transaction of the RTLS business unit on 31 December 2018, the Group holds a rollover equity investment in Abyssinian Topco Limited (registered number: 11650137) which following the transaction, is the parent company of the RTLS SmartSpace business unit.

The Group has made the irrevocable election to account for the investment in Abyssinian Topco Limited at fair value through other comprehensive income (FVOCI). In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

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 assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics 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 and derivative financial instruments.

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 2020 is £1.8 million (2019: £1.5 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.

Deferred tax

A deferred tax asset is recognised where the Group considers it probable that future tax 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. No deferred tax asset is currently recognised.

Business combinations

On 21 December 2020 the Group acquired OSPInsight International Inc. ("OSPI") for a total consideration of up to $8.75 million. In accounting for business combinations the Directors have exercised judgement in identifying the intangibles acquired under the business combination.

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 impairment annually in accordance with the accounting policy stated in note 3. In performing the impairment review, management are required to make assumptions of the future cash flows generated from the software products. This includes consideration of both the current business pipeline and estimations beyond the existing pipeline. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Revenue recognition

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.

Business combinations

On 21 December 2020 the Group acquired OSPInsight International Inc. ("OSPI") for a total consideration of up to $8.75 million. In accounting for business combinations the Directors have determined the valuation of intangibles through estimates about future revenues, costs and cash flows of the Group. Additionally, the Directors have estimated the fair value of contingent consideration associated with the OSPI acquisition.

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 business unit.

5.2 Revenue by type

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

Revenue by stream	**2020 £'000**	**% of total revenue**	2019 £'000	of total % revenue	Year on year growth
Subscription	**1,860**	**20%**	381	5%	388%
Maintenance and support	**1,335**	**15%**	1,251	16%	7%
Recurring IQGeo product revenue	**3,195**	**35%**	1,632	21%	96%
Software	**299**	**3%**	1,589	20%	(81)%
Services	**3,846**	**42%**	2,328	30%	65%
Non-recurring IQGeo product revenue	**4,145**	**45%**	3,917	50%	6%
Total IQGeo product revenue	**7,340**	**80%**	5,549	71%	32%
Geospatial services from third party products	**1,815**	**20%**	2,257	29%	(20)%
Total revenue	**9,155**	**100%**	7,806	100%	17%

5.3 Geographical areas of continuing operations

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 continuing operational revenue and non-current assets by geographical region:

	Revenue		Non-current assets	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
UK	**316**	95	**1,927**	3,630
Europe	**146**	169	**—**	1
USA	**5,990**	5,897	**8,705**	121
Canada	**1,233**	1,164	**2**	2
Japan	**1,437**	461	**2**	1
Rest of World	**33**	20	**—**	—
	9,155	7,806	**10,636**	3,755

The main country of operation of the Group is the United States of America as this is where the majority of revenue is generated.

2020 revenues include £1.1 million from income deferred at the beginning of the period (2019: £0.9 million) relating to performance obligations satisfied overtime.

Contract liabilities arising as a result of the OSPI acquisition were £1.4 million.

5.4 Information about major customers of the continuing operations

During 2020, the Group had one customer who generated revenues of greater than 10% of total Geospatial revenue. £1.6 million was generated from one US customer.

During 2019, the Group had one customer who generated revenues of greater than 10% of total Geospatial revenue. £1.8 million was generated from one US customer.

6 Acquisitions

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.

Details of the business combination are as follows:

	£'000
Fair value of the consideration transferred	
Amount settled in cash	**3,998**
Amount settled in shares	**757**
Fair value of deferred consideration	**746**
Fair value of contingent consideration	**746**
Total	**6,247**
Recognised amounts of identifiable net assets	
Right-of-use assets	**71**
Intangible assets	**2,656**
Total non-current assets	**2,727**
Cash and cash equivalents	**8**
Trade and other receivables	**702**
Total current assets	**710**
Lease obligations	**(34)**
Total non-current liabilities	**(34)**
Trade and other payables	**(1,573)**
Lease obligations	**(37)**
Total current liabilities	**(1,610)**
Identifiable net assets	**1,793**
Goodwill on acquisition	**4,454**
Consideration settled in cash	**3,998**
Cash acquired	**(8)**
Net cash flow from acquisition	**3,990**

Consideration transferred

The acquisition of OSPI was settled through cash payment of £4.0 million and through issue of 923,294 ordinary 2p shares of IQGeo Group plc, to the sellers of OSPI.

The deferred consideration will be satisfied by cash payment of $538,000 with the balance settled through issue of shares in IQGeo Group plc with the deferred consideration fully settled on 21 December 2021.

The purchase agreement included an additional consideration of up to $1.1 million subject to achievement of defined levels of recurring revenue during the year ended 31 December 2021. Management anticipate this earn out will be settled in full with amounts payable in January 2022.

Identifiable net assets

The fair value of the trade and other receivables acquired as part of the business combination amounted to £702,000, with a gross contractual amount of £723,000. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £21,000.

OSPI's contribution to the Group results

OSPI contributed £60,000 of revenue and £1,000 of profit to the consolidated income during the period 21 December 2020 to 31 December 2020.

If OSPI had been acquired on 1 Jan 2020 the Group revenues for the year would increase by £2.9 million and the loss for the year would reduce by £0.1 million.

7 Discontinued operations

On 31 December 2018, the Group disposed of its RTLS SmartSpace business unit for a consideration of up to £35.0 million with £30.0 million paid in cash on completion (subject to adjustments for net debt and net working capital) in addition to a £2.0 million rollover investment. The conditions required for £3.0 million of contingent consideration to become payable were not met.

The following information is attributable to the RTLS SmartSpace business unit:

7.1 Consolidated income statement for the year ended 31 December 2020

	2020 £'000	2019 £'000
Operating expenses	—	161
Profit from discontinued operations prior to gain on disposal	—	161
Gain on disposal of the RTLS SmartSpace business unit	—	242
Profit/(loss) from discontinued operations	—	403

The gain on disposal of the RTLS SmartSpace business unit discontinued operations is summarised as follows;

	2020 £'000	2019 £'000
Consideration received or receivable:		
Amounts receivable on finalisation of completion accounts	—	214
Total disposal consideration	—	214
Transaction costs incurred	—	38
Accrued bonuses in respect of the transaction completion	—	(10)
Gain on disposal of the RTLS SmartSpace business unit	—	242

7.2 Cash flows from discontinued operations

	2020 £'000	2019 £'000
Cash received on sale of the RTLS SmartSpace business unit	—	1,060
Disposal costs in relation to the RTLS SmartSpace business unit	—	(1,839)
Total net cash inflow/(outflow) from investing activities:	—	(779)

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	
By activity	2020 Number	2019 Number	2020 Number	2019 Number
Technical consultants	36	21	24	20
Sales & marketing	29	23	19	24
Research & development	20	16	15	13
Administration	11	11	10	11
	96	71	68	68

By geography	2020 Number	2019 Number	2020 Number	2019 Number
United Kingdom	18	17	16	17
Europe	2	4	3	4
North America	72	47	46	44
Asia	4	3	3	3
	96	71	68	68

8.2 Employee benefits

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

	2020 £'000	2019 £'000
Wages and salaries	**8,169**	7,872
Social security costs	**638**	523
Contributions to defined contribution pension arrangements	**340**	355
Share-based payments	**130**	102
Total aggregate employee benefits	**9,277**	8,852

9 Finance income and costs

	2020 £'000	2019 £'000
Interest income from cash and cash equivalents	**7**	72
Finance income	**7**	72
Bank loan interest	**(8)**	–
Interest expense for lease arrangements	**(97)**	(10)
Finance costs	**(105)**	(10)
Net finance costs	**(98)**	62

10 Loss before tax: analysis of expenses by nature

10.1 Expenses by nature of continuing operations

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

	Notes	2020 £'000	2019 £'000
Amortisation of other intangible assets	13	**1,002**	815
Depreciation of owned property, plant and equipment	14	**68**	57
Depreciation of right-of-use assets	15	**301**	228
Lease rental charges – land and buildings	21	**242**	221
Research & development costs expensed		**320**	238
Net foreign currency gains		**(14)**	(38)
Unrealised foreign exchange losses on intercompany trading balances		**43**	110
Non-recurring items	10.2	**289**	136

10.2 Non-recurring items

	2020 £'000	2019 £'000
Acquisition costs	**289**	–
Capital reduction costs	**–**	136
Total non-recurring items	**289**	136

Acquisition costs

On 21 December 2020 the Group acquired OSPInsight International Inc. Costs of acquisition have been expensed during the year.

Capital reduction

On 2 August 2019, the Company announced a proposed tender offer to repurchase up to a maximum of 28,260,869 of the Company's Ordinary Shares at a price of 46 pence per Ordinary Share. Following approval of the tender offer by a General Meeting of shareholders on 22 August 2019, the tender offer completed on 30 August 2019, resulting in the share capital reducing by 23,803,690 and £10,950,000 of surplus funds being returned to shareholders in September 2019.

10 Loss before tax: analysis of expenses by nature continued

10.3 Auditors' remuneration

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

	2020 £'000	2019 £'000
Fees payable to the Group's auditor for the audit of:		
Parent Company and consolidated financial statements	85	70
Financial statements of subsidiaries, pursuant to legislation	12	10
Total audit fees	**97**	80
Fees payable to the Group's auditor for other services:		
Tax advisory	43	17
Audit related assurance services	16	21
Other services	6	–
Total non-audit fees	**65**	38
Total auditors' remuneration	**162**	118

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

11 Income tax

11.1 Income tax recognised in the consolidated income statement

	2020 £'000	2019 £'000
Current tax		
Corporation tax	(399)	–
Adjustment in respect of prior year	18	(118)
Foreign tax	–	–
Total current tax credit	**(381)**	(118)
Deferred tax – continuing operations		
Origination and reversal of temporary differences	66	54
Total deferred tax charge	**66**	54
Total income tax credit for the year	**(315)**	(64)

The tax credit differs from the standard rate of corporation tax in the UK for the year of 19% (2019: 19%) for the following reasons:

	2020 £'000	2019 £'000
Loss before tax – continuing operations	(4,426)	(6,234)
Gain before tax from discontinued operations	–	403
Total gain before tax	(4,426)	(5,831)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.0% (2019: 19%)	(841)	(1,108)
Tax effects of:		
Expenses not deductible for tax purposes	318	16
Additional overseas tax deduction	(162)	(77)
Utilisation of previously unrecognised tax losses	–	(24)
Unrecognised deferred tax movements	806	1,371
Tax unprovided/(overprovided) in prior years	18	(118)
Research & development tax credits – prior years	(399)	–
Difference on tax treatment of share options – unrecognised	25	19
Differential on overseas tax rates	(80)	(143)
Total income tax debit/(credit)	**(315)**	(64)

11.2 Factors that may affect future tax charges

The Group has tax losses of £19.3 million (2019: £17.6 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 19%, based on the current UK tax rate.

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	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
At 1 January	**–**	–	**(285)**	(231)
Deferred tax charged to the income statement	**–**	–	**(66)**	(54)
At 31 December	**–**	–	**(351)**	(285)

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

	2020 £'000	2019 £'000
Development costs capitalised	**(351)**	(285)
Total deferred income tax liabilities	**(351)**	(285)

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

	2020 £'000	2019 £'000
Tax losses carried forward	**3,766**	3,396
Equity-settled share options temporary differences	**18**	8
Total unrecognised deferred tax assets	**3,784**	3,404

12 Earnings per share (EPS)

	2020	2019
Earnings attributable to Ordinary Shareholders		
Loss from continuing operations (£'000)	**(4,111)**	(6,170)
Gain from discontinued operations (£'000)	**–**	403
(Loss)/gain from continuing and discontinued operations (£'000)	**(4,111)**	(5,767)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS ('000)	**50,195**	65,977
Effect of dilutive potential ordinary shares:		
– Share options ('000)	**1,002**	67
Weighted average number of ordinary shares for the purposes of diluted EPS ('000)	**51,197**	66,044
Continuing operations EPS		
Basic and diluted EPS (pence)	**(8.2)**	(9.4)
Discontinued operations EPS		
Basic and diluted EPS (pence)	**–**	0.6
Continuing and discontinued operations EPS		
Basic and diluted EPS (pence)	**(8.2)**	(8.7)

12 Earnings per share (EPS) continued

Basic earnings per share is calculated by dividing profit/(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 Discontinued and Total EPS since their conversion to ordinary shares does not decrease earnings per share or increase loss per share from continuing operations.

The Group also presents an adjusted diluted earnings per share figure which excludes 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.

Continuing operations	Notes	2020	2019
Continued earnings for the purposes of diluted EPS being net loss attributable to equity holders of the parent company (£'000)		**(4,111)**	(6,170)
Adjustments:			
Reversal of share-based payments charge (£'000)		**130**	102
Unrealised foreign exchange gains/(losses) on intercompany trading balances (£'000)		**43**	110
Reversal of non-recurring items (£'000)	10	**289**	136
Net adjustments (£'000)		**462**	348
Adjusted earnings (£'000)		**(3,649)**	(5,822)
Adjusted diluted EPS from continuing operations (pence)		**(7.3)**	(8.8)

The adjusted EPS information is considered to provide a fairer representation of the Group's trading performance. Options have no dilutive effect in loss-making years.

13 Intangible assets

	Goodwill £'000	Acquired customer relationships £'000	Acquired software products £'000	Acquired brands £'000	Capitalised product development costs £'000	Software £'000	Total £'000
Cost							
At 1 January 2019	2,970	—	—	—	6,447	22	9,439
Additions	—	—	—	—	1,074	102	1,176
At 31 December 2019	2,970	—	—	—	7,521	124	10,615
Additions	—	—	—	—	1,305	2	1,307
Additions as a result of acquisition	4,454	2,118	480	58	—	—	7,110
Effect of movements in exchange rates	(51)	(46)	(10)	(2)	—	—	(109)
At 31 December 2020	**7,373**	**2,072**	**470**	**56**	**8,826**	**126**	**18,923**
Accumulated amortisation							
At 1 January 2019	(2,970)	—	—	—	(5,234)	—	(8,204)
Charge for the year	—	—	—	—	(788)	(27)	(815)
At 31 December 2019	(2,970)	—	—	—	(6,022)	(27)	(9,019)
Charge for the year	—	—	—	—	(961)	(41)	(1,002)
At 31 December 2020	**(2,970)**	**—**	**—**	**—**	**(6,983)**	**(68)**	**(10,021)**
Net book amount							
At 31 December 2020	**4,403**	**2,072**	**470**	**56**	**1,843**	**58**	**8,902**
At 31 December 2019	—	—	—	—	1,499	97	1,596

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. Goodwill, acquired customer relationships, acquired software products and acquired brands have been recognised following the business combination. In future periods Goodwill will be subject to an annual impairment test and the acquired customer relationships, acquired software products and acquired brands will be amortised over their useful economic life.

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. The Group is loss-making and this is an indicator for potential impairment of development costs. 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 cash flows exceeded the carrying value of the asset.

The remaining average amortisation period for capitalised product development costs is 2 years. The software assets represent assets purchased from third parties. Goodwill, acquired customer relationships and acquired software products relate to the OSPI acquisition (see note 6).

14 Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2019	206	176	382
Effect of movements in exchange rates	(7)	(4)	(11)
Additions	7	49	56
Disposals	(25)	(35)	(60)
At 31 December 2019	181	186	367
Effect of movements in exchange rates	(5)	(4)	(9)
Additions	147	18	165
Disposals	(160)	(7)	(167)
At 31 December 2020	**163**	**193**	**356**
Accumulated depreciation			
At 1 January 2019	(180)	(118)	(298)
Effect of movements in exchange rates	7	7	14
Charge for the year	(16)	(41)	(57)
Disposals	25	35	60
At 31 December 2019	(164)	(117)	(281)
Effect of movements in exchange rates	(9)	2	(7)
Charge for the year	(27)	(41)	(68)
Disposals	160	7	167
At 31 December 2020	**(40)**	**(149)**	**(189)**
Net book amount			
At 31 December 2020	**123**	**44**	**167**
At 31 December 2019	17	69	86

15 Right-of-use assets

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

	2020 £'000	2019 £'000
Cost		
At 1 January	**492**	502
Effect of movements in exchange rates	**(66)**	(10)
Additions	**1,770**	–
Lease related to acquisition	**71**	–
Disposal	**(492)**	–
Cost at 31 December	**1,775**	492
Depreciation		
At 1 January	**(419)**	(198)
Effect of movements in exchange rates	**20**	7
Charge for the year	**(301)**	(228)
Disposal	**492**	–
Depreciation at 31 December	**(208)**	(419)
Net book amount at 31 December	**1,567**	73

16 Investments

At 31 December 2020, the Group holds a rollover investment in Abyssinian Topco Limited as part of the consideration for the sale of the RTLS SmartSpace business unit on 31 December 2018. Abyssinian Topco Limited is a UK registered company (company number 11650137) and is the parent company of Ubisense Limited (company number 04489603) which along with its subsidiary companies, comprise the RTLS SmartSpace business unit.

	£'000
Investment as 31 December 2019	2,000
Fair value adjustment	500
Reclassification as current asset held for sale	(2,500)
Investment as 31 December 2020	**–**

IQGeo Group plc hold 5.4% (2019: 5.3%) of the ordinary share capital of Abyssinian Topco Limited.

On 29 December 2020, the Group entered into an agreement to sell its shares in Abyssinian Topco Limited during January 2021 for a consideration of £2.5 million. As at 31 December 2020, the investment has been reclassified as a current asset held for sale within the consolidated statement of financial position at a value of £2.5 million.

17 Trade and other receivables

	Notes	**2020 £'000**	2019 £'000
Trade receivables, gross		**1,888**	1,365
Allowances for expected credit losses	17.1	**(31)**	(4)
Trade receivables, net	17.2	**1,857**	1,361
Amounts recoverable on contracts		**457**	336
Other receivables		**70**	68
Prepayments		**466**	540
VAT and taxation receivable		**–**	48
Total trade and other receivables		**2,850**	2,353

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.

17.1 Movement in allowance for expected credit losses

	2020 £'000	2019 £'000
At 1 January	**(4)**	–
Amounts written off in the year	**–**	35
Allowance acquired	**(21)**	–
Allowance released	**–**	–
Allowance made	**(6)**	(39)
At 31 December	**(31)**	(4)

17.2 Ageing of past due but not impaired receivables

	2020 £'000	2019 £'000
Neither past due nor impaired	**1,666**	1,173
Past due but not impaired:		
0 to 90 days overdue	**191**	188
More than 90 days overdue	**–**	–
Total	**1,857**	1,361

18 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**11,078**	13,053
Cash and cash equivalents	**11,078**	13,053

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	2020 £'000	2019 £'000
British Pound (GBP)	**8,951**	10,083
Euro (EUR)	**23**	373
US Dollar (USD)	**745**	1,936
Japanese Yen (JPY)	**486**	392
Canadian Dollar (CAD)	**873**	269
Cash and cash equivalents	**11,078**	13,053

19 Trade and other payables

	Notes	2020 £'000	2019 £'000
Deferred income		**2,833**	1,118
Trade payables		**74**	272
Trade accruals		**1,741**	1,428
Other taxation and social security		**430**	317
Deferred acquisition consideration	6	**746**	–
Other payables		**4**	106
Total trade and other payables		**5,828**	3,241

All amounts disclosed are short term. The carrying value of trade payables is considered a reasonable approximation of fair value.

20 Bank loans

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 will accrue interest at a rate of 1.0% p.a. The loan is repayable in 18 monthly instalments commencing in August 2021.

21 Lease obligation

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:

	2020 £'000	2019 £'000
At 1 January	**79**	309
Effect of movements in exchange rates	**(76)**	1
New leases entered into during the year	**1,753**	–
Lease related to acquisition	**71**	–
Finance costs incurred	**97**	7
Payments made during the year	**(78)**	(238)
At 31 December	**1,846**	79
Presented as:		
Lease liability payable within 1 year	**208**	79
Lease liability payable in more than 1 year	**1,638**	–
At 31 December	**1,846**	79

21 Lease obligation continued

During the year the Group commenced a 7 year lease running to February 2028 on new premises in Denver as the lease on the existing premises in Denver ended on 30 April 2020.

The OSPI business acquired during the year operates from premises in Utah which are leased until 31 January 2023.

The lease liability consists of £2.2 million of lease payments after deduction of £0.4 million of future finance charges.

Leases as lessee

The Group maintains short-term office rental agreements within Germany, Japan and the UK. The leases entered into are 12 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 2020 operating expense presented within the consolidated income statement includes £242,000 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 2020 £'000	Land and buildings 2019 £'000
No later than one year	**160**	231
Total	**160**	231

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.

22 Share capital and premium

	Number of ordinary shares of £0.02 each	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Total £'000
Balance at 1 January 2019	73,087,904	1,462	46,375	—	47,837
Issued under share-based payment plans	219,215	4	27	—	31
Capital reduction	—	—	(28,948)	—	(28,948)
Repurchase and cancellation of shares	(23,803,690)	(476)	—	—	(476)
Change in year	(23,584,475)	(472)	(28,921)	—	(29,393)
Balance at 31 December 2019	49,503,429	990	17,454	—	18,444
Issued under share-based payment plans	90,657	2	10	—	12
Issued on placing to institutional investors	6,794,872	136	5,030	—	5,166
Issued as part consideration for acquisition	923,294	18	—	739	757
Balance at 31 December 2020	**57,312,252**	**1,146**	**22,494**	**739**	**24,379**

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

Shares issued by placing during 2020 raised gross cash of £5.3 million with issue costs of £0.1 million incurred.

Where shares have been issued as part of the consideration for the acquisition of OSPI, excess proceeds over nominal value are recognised in a merger relief reserve.

23 Share-based payments: options

23.1 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.

23.2 Analysis of amounts recognised in the financial statements

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

The allocation between continuing and discontinued operations is as follows:

	2020 £'000	2019 £'000
Share-based payments charge presented as continuing operations	130	102
Share-based payments credit presented as discontinued operations	—	(121)
Total share-based payments (charge/credit) recognised	**130**	(19)

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

	2020 £'000	2019 £'000
Net share-based payments (debit)/credit recognised in equity	130	(19)

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

	2020 £'000	2019 £'000
Cumulative reserve credit for share-based payments	190	632

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

Arrangement	Award date Year	Vests Years	Expires Year	Exercise price £	Currency	Awards outstanding at 1 Jan 2020 Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Awards outstanding at 31 Dec 2020 Number	Awards exercisable at 31 Dec 2020 Number
Options	2010	2011–13	2020	0.140	GBP	94,957	—	90,657	4,300	—	—
	2011	2012–14	2021	1.050	GBP	28,700	—	—	4,500	24,200	24,200
	2012	2013–15	2022	2.125	GBP	28,000	—	—	4,000	24,000	24,000
	2013	2014–16	2023	2.055	GBP	32,750	—	—	—	32,750	32,750
	2014	2015–17	2024	2.250	GBP	10,000	—	—	—	10,000	10,000
	2016	2017–19	2026	0.020	GBP	3,350,000	—	—	3,350,000	—	—
	2018	2019–21	2028	0.555	GBP	350,000	—	—	—	350,000	233,333
	2020	2020–23	2030	0.783	USD	—	1,390,000	—	—	1,390,000	—
	2020	2020–23	2030	0.625	GBP	—	110,000	—	—	110,000	—
	2020	2020–23	2030	0.460	GBP	—	1,971,000	—	—	1,971,000	—
	2020	2020–23	2030	0.675	GBP	—	500,000	—	—	500,000	—
Total						**3,894,407**	**3,971,000**	**90,657**	**3,362,800**	**4,411,950**	**324,283**
Weighted average exercise price (£)						0.117	0.534	0.140	0.024	0.562	0.912
Weighted average remaining contractual life						6.8 years				8.7 years	5.4 years

23 Share-based payments: options continued

23.4 Share option scheme details

2016 granted share options

On 14 December 2016, IQGeo Group plc granted 5,600,000 options of two pence each in the Company with an exercise price set at the nominal value. The options vested if the Company's share price exceeds 70 pence for 60 consecutive calendar days between the second and third anniversary of issue and the period of employment continues for over three years. Due to the LTIP performance condition not being reached in the year to 14 December 2019, the share options have not vested. Despite the performance condition not being met during 2019, the Remuneration Committee retained the right to extend the vesting period for another twelve months. The Remuneration Committee did not exercise the right to extend the scheme and replaced this existing LTIP scheme with a new one during 2020.

2020 granted share options

On 15 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. IQGeo Group plc granted a total of 3,471,000 share options in the Company with varying exercise prices as set out above. 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.

On 2 December 2020, a further 500,000 share options in the Company were granted under the same scheme and under the same rules.

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 2020 financial statements a charge of £110,000 has been recognised in respect of share options granted during 2020.

24 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 UK Limited	UK	Geospatial solutions	100	Nine Hills Road Cambridge, CB2 1GE, UK
IQGeo Germany GmbH	Germany	Geospatial solutions	100	Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany
IQGeo America Inc.	US	Geospatial solutions	100	1670 Broadway, Suite 2215, Denver, CO 80202, United States
IQGeo Solutions Canada Inc.	Canada	Geospatial solutions	100	450-505 Burrard Street, Vancouver, V7X 1M3, Canada
IQGeo Systems Limited	UK	Non-trading	100	Nine Hills Road Cambridge, CB2 1GE, UK
IQGeo Japan K.K.	Japan	Geospatial solutions	100	Level 20 Marunouchi Trust Tower – Main 1-8-3 Marunouchi Chiyoda-ku, Tokyo, 100-005, Japan
OSPInsight International Inc.	US	Geospatial solutions	100	3672 W South Jordan Pkway, Suite 102, South Jordan, UT 84009, United States

All subsidiaries excluding OSPInsight International Inc. are directly held by IQGeo Group plc. IQGeo America Inc. is the immediate parent company of OSPInsight International Inc. All subsidiaries are 100% owned by the Group.

All subsidiaries prepare local statutory accounts up to 31 December each year.

On 4 February 2021 the business and operations of OSPInsight International Inc. were absorbed into IQGeo America Inc. on completion of a legal merger.

25 Related party transactions

25.1 Remuneration of key personnel

The key management have been assessed to be the Directors of the Group (Executive and Non-Executive) during the 2020 and 2019 periods.

During the year, there was an average number of seven key management personnel (2019: seven) and seven key management personnel at 31 December 2020 (2019: seven). The compensation paid or payable to key management for employee services is shown below:

	2020 £'000	2019 £'000
Short-term employee benefits		
Wages and salaries	**501**	533
Social security costs	**73**	87
Performance payments	**125**	136
Termination payment	**—**	19
Other benefits	**8**	8
	707	783
Post-employment benefits		
Contributions to defined contribution pension arrangements	**21**	28
Share-based payments		
Equity-settled share-based payments	**70**	26
Total key management compensation	**798**	837

25.2 Transactions with the Group related parties

There were no other related party transactions with Directors of the Company during 2020 or 2019 other than acquisition of shares described within the Directors' report.

26 Financial risk management

26.1 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 26.7. 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.

26.2 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 Yen		US Dollars		Euros	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets	**3**	—	**22**	413	**5**	84
Liabilities	**—**	(10)	**—**	(1)	**—**	—

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

26 Financial risk management continued

26.3 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 Yen		US Dollars		Euros	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Effect of a 5% appreciation of the local currency:						
Income statement	**–**	(1)	**1**	22	**–**	4
Equity	**–**	(1)	**1**	22	**–**	4
Effect of a 5% depreciation of the local currency:						
Income statement	**–**	–	**(1)**	(20)	**–**	(4)
Equity	**–**	–	**(1)**	(20)	**–**	(4)

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.

26.4 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 26.7, 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 2020.

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 2020, one customer individually accounted for more than 9% of the gross trade receivables balance (31 December 2019: more than 32%).

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

Details of certain trade receivables at 31 December 2020 that have not been settled by the contractual due date but are not considered to be impaired are included in note 17.2.

26.5 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 2020, 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 2020				
Trade and other payables	**1,819**	**–**	**–**	**–**
Lease obligations	**112**	**160**	**1,551**	**380**
Bank loans	**–**	**167**	**433**	**–**
Other payables	**–**	**746**	**746**	**–**
As at 31 December 2019				
Trade and other payables	1,806	–	–	–
Lease obligations	79	–	–	–
Other payables	–	–	–	–

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.

26.6 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 £600,000 bank loan facilities at 31 December 2020 (31 December 2019: £nil).

26 Financial risk management continued
26.7 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	2020 £'000	2019 £'000
Financial assets			
Fair value through other comprehensive income:			
– Investments	16	**2,500**	2,000
Amortised cost:			
– Trade receivables	17	**1,857**	1,361
– Amounts recoverable on contracts	17	**457**	336
– Other receivables	17	**70**	68
– Cash and cash equivalents	18	**11,078**	13,053
Total financial assets		**15,962**	16,818
Financial liabilities			
Amortised cost:			
– Trade payables	19	**74**	272
– Trade accruals	19	**1,741**	1,428
– Other payables	19	**4**	106
– Bank loans	20	**600**	–
– Deferred consideration	6	**746**	–
– Lease obligation	21	**1,846**	79
Fair value:			
– Contingent consideration	6	**746**	–
Total financial liabilities		**5,757**	1,885

27 Reconciliation of liabilities arising from financing activities

	Bank loan £'000	Lease liability £'000	Total £'000
At 1 January 2019	–	309	309
Cash flows:			
Repayment	–	(238)	(238)
Non-cash			
Effect of moving exchange rates	–	1	1
Interest applied to principal	–	7	7
At 31 December 2019	–	79	79
Cash flows:			
Repayment	–	(78)	(78)
Borrowings	662	–	662
Non-cash			
Effect of moving exchange rates	(70)	(76)	(146)
New lease entered into	–	1,753	1,753
Lease related to acquisition	–	71	71
Interest applied to principal	8	97	105
At 31 December 2020	**600**	**1,846**	**2,446**

Company balance sheet
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	3	**1,266**	2,384
Current assets			
Current investments	3	**2,000**	–
Debtors falling due within one year	4	**14,721**	12,950
Debtors falling due after one year	4	**9,936**	6,076
Cash at bank and in hand		**8,930**	9,851
		35,587	28,877
Creditors – amounts falling due within one year	5	**(415)**	(418)
Net current assets		**35,172**	28,459
Total assets less current liabilities		**36,438**	30,843
Net assets		**36,438**	30,843
Capital and reserves			
Called-up share capital	6	**1,146**	990
Share premium account	7	**22,494**	17,454
Share-based payment reserve	7	**190**	632
Capital redemption reserve	7	**476**	476
Merger relief reserve	7	**739**	–
Profit and loss reserve	7	**11,393**	11,291
Equity shareholders' funds		**36,438**	30,843

The notes on pages 97 to 99 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 loss for the financial year ended 31 December 2020 of £0.5 million (2019: £6.8 million).

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2021 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 2020

	Attributable to equity shareholders						
	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 2019	1,462	46,375	717	–	–	39	48,593
Total comprehensive loss for the year	–	–	–	–	–	(6,812)	(6,812)
Lapse of share options	–	–	(60)	–	–	60	–
Exercise of share options	4	27	(6)	–	–	6	31
Capital reduction	–	(28,948)	–	–	–	28,948	–
Repurchase and cancellation of shares	(476)	–	–	476	–	(10,950)	(10,950)
Reserve credit for equity-settled share-based payment	–	–	(19)	–	–	–	(19)
Transactions with owners	(472)	(28,921)	(85)	476	–	18,064	(10,938)
Balance at 31 December 2019	990	17,454	632	476	–	11,291	30,843
Total comprehensive loss for the year	–	–	–	–	–	(470)	(470)
Exercise of share options	2	10	(3)	–	–	3	12
Issue of shares	136	5,030	–	–	–	–	5,166
Issue of shares – acquisition	18	–	–	–	739	–	757
Lapse of share options	–	–	(569)	–	–	569	–
Reserve credit for equity-settled share-based payment	–	–	130	–	–	–	130
Transactions with owners	156	5,040	(442)	–	739	572	6,065
Balance at 31 December 2020	**1,146**	**22,494**	**190**	**476**	**739**	**11,393**	**36,438**

The notes on pages 97 to 99 are an integral part of the Company financial statements.

Notes to the Company financial statements

for the year ended 31 December 2020

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 and can include, for senior employees, a diluted EPS performance target or share price target. 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 are given in note 23 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 does not have any employees (2019: nil). Directors' emoluments are disclosed within the Remuneration Committee report on page 50 to 52 of the Corporate governance report. The Directors were not remunerated by IQGeo Group plc.

Auditor's remuneration attributable to the Company is as follows:

	2020 £'000	2019 £'000
Audit fee – statutory audit	**85**	70
Other services	**—**	—
	85	70

3 Investments

	Investments in subsidiaries £'000	Other investments £'000	Total £'000
Cost and net book amount			
At 1 January 2020	384	2,000	2,384
Shares issued for acquisition consideration	757	—	757
Capital contribution relating to share-based payments	125	—	125
At 31 December 2020	**1,266**	**2,000**	**3,266**
Presented as			
Fixed asset investments	1,266	—	1,266
Current investments	—	2,000	2,000
Total investments	**1,266**	**2,000**	**3,266**

Capital contribution and impairment

As part of the sale transaction of the RTLS SmartSpace business unit, the Group holds a rollover investment in Abyssinian Topco Limited. Within the Company financial statements the investment is recorded at cost. On 29 December 2020, the Group entered into an agreement to sell its shares in Abyssinian Topco Limited during January 2021 for a consideration of £2.5 million. As at 31 December 2020, the investment has been reclassified as a current investment.

The Company issued 923,294 ordinary 2p shares during the year as part of the consideration paid for the acquisition of OSPI by IQGeo America Inc.

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

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 24 of the consolidated financial statements.

4 Debtors

	2020 £'000	2019 £'000
Debtors falling due within one year:		
Amounts owed by subsidiary undertakings	**14,721**	12,950
Debtors falling due after one year:		
Amounts owed by subsidiary undertakings	**9,936**	6,076
Total debtors	**24,657**	19,026

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

Amounts owed by subsidiary undertakings are unsecured.

During 2020, a provision of £nil million was made against amounts owed by subsidiary undertakings due within one year (2019: a provision of £6.8 million was made). The provision as at 31 December 2020 was £6.8 million (2019: £6.8 million).

5 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade accruals	**—**	3
Amounts owed to subsidiary undertakings	**415**	415
	415	418

6 Share capital

	2020 Number	2019 Number	2020 £'000	2019 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.02 each	**57,312,252**	49,503,429	**1,146**	990

Movements during the year are disclosed within note 22 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 acquisition of shares described in the Directors' report.

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