Geospatial productivity & collaboration

IQGeo Group plc Annual Report 2021

IQGeo delivers award-winning geospatial network management software to telecommunications and utility network operators around the world. IQGeo and OSPInsight solutions improve productivity and collaboration across the network lifecycle from planning through design, construction, operations, and disaster response. Our software is helping electrical utilities modernise their grids, fibre providers rollout new broadband services, and gas utilities improve operational safety.

Our vision

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

Our purpose

To help our customers achieve their ambitious network expansion, modernisation, safety, and decarbonisation objectives.

Visit us online

www.iqgeo.com

Highlights

In 2021 IQGeo performed well against all our key metrics with strong financial performance, innovative product development, and effective go-to-market strategies.

Contents

OSPInsight mobile interface

Exit Annual Recurring Revenue (£m)

£8.2m +54%

2021	8.2
2020	5.3
2019	2.0

In-year recurring revenues (£m)

£5.8m +80%

2021	5.8
2020	3.2
2019	1.6

IQGeo own product revenue (£m)

£12.9m +75%

2021	12.9
2020	7.3
2019	5.5

Gross margin (%)

64% +12%

2021	64
2020	52
2019	42

At a glance

While it has been a challenging year for telecom and utility network operators, the continued Covid-19 situation has brought into focus the need for our customers to invest in innovative technology.

Providing easy-to-use, modern software solutions for a tech savvy workforce is now widely recognised as an essential capability and IQGeo is seen as an industry leader in efficient mobile technology that is embraced by a tech savvy workforce. Another important trend in 2021 is the emergence of decarbonisation initiatives. Here too, the IQGeo software has a key role to play in supporting our customers' net-zero objectives while we implement our own internal carbon footprint reduction plans. Refer to the decarbonisation case study and ESG sections for more details on this topic.

Delivering value across the network lifecycle

Sales & marketing

Increase revenues with powerful network insights

Planning & design

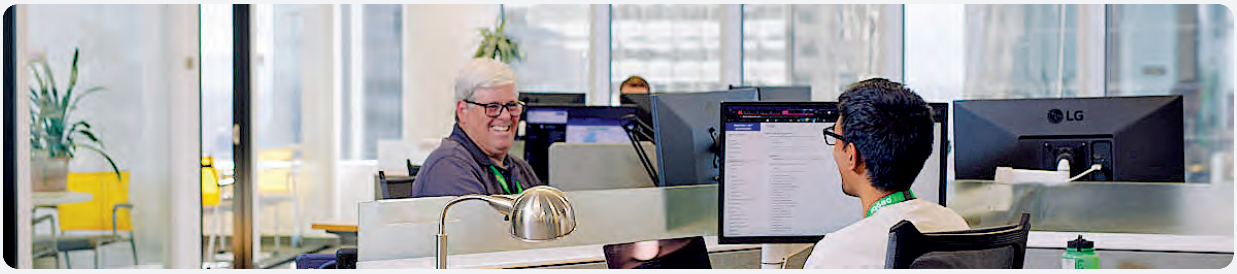
Transform time-to-market with high data quality

Construction

Compress construction timetables with digitalised process

Operations & maintenance

Empower field teams to increase safety, productivity and collaboration



Investment case

1. Compelling market drivers

IQGeo is well positioned to respond to major market trends in the telecom and utility industries from expanded broadband services to electrical grid modernisation and decarbonisation.

Read more on pages 14 and 15

2. World-class products

The innovation of the IQGeo products is a key focus for the entire organisation and in 2021 we updated our application suite and launched our latest Network Manager solutions.

Read more on pages 6 and 7

3. Experienced team

The IQGeo team is the most important ingredient to our success. We have assembled an impressive team of telecom and utility industry professionals and experienced operational specialists who are ensuring success for our customers.

Read more on page 26

There is a clear market demand for solutions that support the entire network lifecycle to enable new working models, changing workforce demographics, and evolving climate change initiatives. IQGeo is now seen as an industry leader, helping network operators with these critical challenges.

North America

Europe

Japan

IQGeo product order growth in 2021

+77%

Average number of employees in 2021

101

Growth in customer base

20%+

Telecoms and utility customers (including OSPI acquisition)

320+

4. Strong financials

IQGeo delivered against key financial metrics by building a diverse recurring software subscription revenue stream using a strategy that targets both large and small network operators.

Read more on pages 32 and 33

5. Growing market momentum

IQGeo is rapidly expanding our global customer network with compelling case studies and account referrals as we establish our reputation as an industry leader.

Read more on pages 14 and 15

Partner and integration ecosystem

2021 was another strong growth year for the IQGeo ecosystem as we added new resellers and technical partners to expand the scope of our solutions. Cloud deployments of our software continues to increase, providing our customers with greater IT flexibility, and reduced total cost of ownership.

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.

Partners:

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.

Partners:

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.

Partners:

Amazon Web Services

Gartrell Group

Google Cloud

Microsoft Azure

The IQGeo solutions use an open-source, open-access model to support best-in-class technology from partners. Ease of integration is key to our "single pane of glass" model that provides one unified geospatial network view.

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.

Partners:

atesio

bing

Google

OpenStreetMap

ORACLE

salesforce

SMALL CASES SOFTWARE

CYBER ESSENTIALS CERTIFIED PLUS

overstory

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.

Partners:

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.

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

"IQGeo Inspection & Survey makes it lightning fast to create a survey definition and push out to a survey tech in the field. I am excited about our continued partnership."

Electric utility operator – USA

Our products

The IQGeo product suite consists of our IQGeo branded software for Enterprise telecom and utility operators and our OSPInsight software for smaller fibre network operators (SMB). In 2021 we release new "Add-on modules" for OSPInsight customers including our latest mobility solution and launched major new Network Manager solutions for Enterprise electric, gas, and telecom operators.

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.

"We are building both at pace and on many fronts and the IQGeo software has been key in supporting our roll-out plans for full fibre broadband to communities."

Fibre network operator – UK

The IQGeo advantages

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

Model anything
Accelerate network planning and design with a digital twin for your network to efficiently model any requirement or business goal.

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

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

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

Cloud-native
Several important milestones were passed in 2021 as IQGeo ramped up our cloud-native products and services. We released and installed a new fully functional cloud offering for our SMB customers and launched our "Rapid deploy" cloud service.

IQGeo cloud solutions enable faster rollout of our software, reduce the maintenance burden, and give our customers the option of offloading the burdens that come with managing infrastructure. These combined benefits deliver greater organisational scalability and reduced total cost of ownership for our customers.

"We made fantastic progress with our cloud activities in 2021, achieving major new deployments with high-profile accounts. Customer demand is growing rapidly, and we are now well positioned as their go-to provider when rolling out our software in the cloud."

Derek Kern,
Chief Architect at IQGeo

Product innovation remained a major focus in 2021 across our SMB and Enterprise software product lines. The update of existing products and release of new products were designed to increase the breadth and depth of our software suite.

OSPInsight for SMB customers

2021 was the first full year that included the OSPInsight software after the acquisition at the end of 2020. We actively developed new “Add-on modules” to support smaller fibre network operators with advanced design and management capabilities. These additional cost Add-ons provide incremental new functionality that improves customer workflow efficiency, streamlines processes, and improves network situational awareness.

IQGeo for Enterprise customers

Our IQGeo Enterprise software also saw significant update for existing products and the launch of new products. In 2021 we launched new releases of Network Manager Electric and Gas that include an optimised network model that allows us to compete directly with legacy GIS vendors. In addition, we released updates for our Network Manager Telecom product and for most of our key applications. Product updates included both new functionality and extensions to streamline product deployment to accelerate more rapid return on investment.

Innovation achievement

In recognition of our product innovation, IQGeo received three industry awards.

INCA Innovation Award

IQGeo and Swish Fibre (UK customer) have been recognised by the Independent Network Cooperative Association (INCA) with its 2021 Gold Award for Technical Innovation.

BTR award for Workflow Manager

Workflow Manager software received a 2021 Diamond Technology Review Award. These prestigious annual awards sponsored by Broadband Technology Report recognise the best technology in the broadband industry.

Broadband Communities Top 100 Award

The OSPInsight software was again recognised by Broadband Communities magazine as one of their Top 100 technology providers that is leading the way in creating a “Fibre-Connected World”.

You can learn more about IQGeo’s product innovation awards on the “Industry awards” page of our website: www.iqgeo.com/award-winning-geospatial-software

Delivering value across the network lifecycle

OSPINSIGHT
An IQGeo business

SMB fibre network operators
OSPInsight software
- OSPInsight Mobile Add-on
- Bill of Materials Add-on
- Visualization Tools Add-on
- Integration & Open API Add-on

Sales & marketing – Maximise opportunities

Planning & design – Create quality designs fast

Construction – Take control of processes

Operations & maintenance – Empower the workforce

IQGeo

Enterprise telecom and utility operators

Core products
- IQGeo Platform
- Network Manager Telecom
- Network Manager Electric
- Network Manager Gas

Applications
- Workflow Manager
- Network Revenue Optimizer
- Inspection & Survey
- Fiber Planning

Chair's statement

> IQGeo delivered strong growth against all our key metrics.

Paul Taylor
Chair

Revenue growth of

51%

% of total revenue that is recurring was

42%

Overview

The Group has made strong progress in the year, delivering growth, winning new customers and expanding existing relationships by applying our software solutions to a rapidly developing and changing market.

Results overview

This last year has seen IQGeo deliver results which show excellent performance against all our key metrics of; revenue growth 51% to £13.8 million, increase in recurring revenue which now accounts for 42% of total revenue (2020: 35%), new customer wins of 76, and an increase in R&D expenditure of 47% to £2.5 million (2020: £1.7 million). We have also seen a material reduction in losses shown at both adjusted EBITDA of £0.8 million (2020: £2.5 million) and reported loss for the year of £1.9 million (2020: £4.1 million). Cash, net of debt increased to £11.5 million from £10.5 million in prior year.

This was also our first full year since the acquisition of OSPI and with the organisational integration now complete, we continue to benefit from the ability to address a wider market. This will allow us to better serve the large and developing industry need for proven solutions in our tier 3 and tier 4 markets.

Organisation

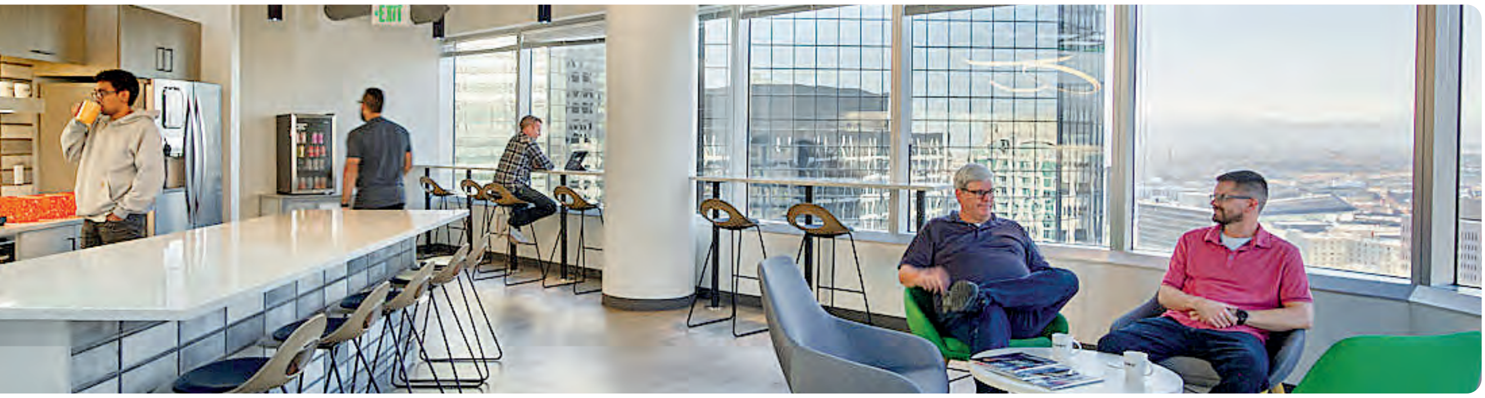
Having successfully managed the challenges brought upon us all in the last two years, our people and our organisation as a whole have remained flexible and focused, allowing us to stay close to our markets and the growing opportunities that our existing and developing products can address.

We continue to invest in our technology solutions aimed at specific market and customer demand, while expanding our market presence in certain geographical territories.

Board developments

We continue in our commitment to good corporate governance by continuing to apply the QCA Corporate Governance Code in our reporting structure. As such, we recognise that Robert Sansom, Max Royde and I are no longer regarded as independent Non-Executive Directors. Ian Kershaw, Andy MacLeod and Carolyn Rand remain independent. As our business progresses, we will continue to look for additional experience and independence to continue to support and supplement the Board.

In May we appointed Carolyn Rand to the Board as a Non-Executive Director and Chair of the Audit Committee and consequently I have now stepped down from the Audit Committee. Carolyn brings a wealth of experience in financial and business leadership, governance and strategy planning across public and private enterprises and will undoubtedly be a valuable asset to the Company.



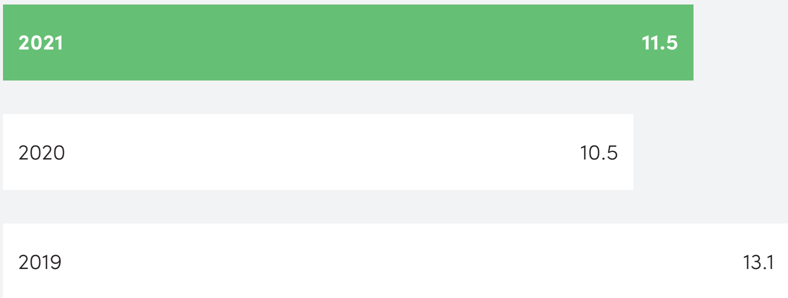
Outlook

This year has seen IQGeo continue to develop and deliver a set of first class solutions to our key markets of telecommunications and utilities, where our customers look to address the rapidly growing and challenging market expectations with a robust, scalable and proven technology. As a trusted partner across these industries and within our key geographical markets, we continue to see new customer wins, existing customer expansion and high levels of retention. All these factors help support our key ambitions and confidence to continue to grow our business across all levels.

Finally, I would like to extend the Board's thanks to all our stakeholders, and the valuable input and support given over the past year, our outstanding teams across all our geographies for the hard work and flexibility needed in the current markets and, key to all this, is the trust our partners and customers have shown in IQGeo.

Cash, net of debt (£m)

£11.5m +10%



Paul Taylor
Chair
21 March 2022

Chief Executive Officer's statement

IQGeo is a stronger, more focused and more successful company.

Richard Petti
Chief Executive Officer

Orders related to IQGeo products grew by

77%

New logos won in 2021

76

Today, IQGeo is a stronger, more focused and more successful company than it was before it entered the recent pandemic. We have exceeded our financial forecasts, delivered on our client commitments, and made impressive investments into both our products and our organisation. Together, these achievements mean that IQGeo enters 2022 with a clear sense of purpose and confidence in its ability to achieve its goals.

In 2019 when IQGeo first focused itself on its core mission of building better networks, we could see that telecommunications and utility industries were on the cusp of a once-in-a-generation investment process. The growth of fibre broadband, 5G and renewable energy is a global phenomenon touching every economy and attracting trillions of Dollars of annual investments[1].

We also could see that the technology network operators had to design, build and operate these new networks as current infrastructure was no longer fit for purpose and that the providers of these legacy solutions had failed to grasp the importance of using cloud technology to connect enterprise activities along the network lifecycle[2] with a single solution, using a single source of geospatially referenced enterprise data.

Fast forward to 2021 and our sales performance is evidence that world class network operators around the world agree with us. A record haul of new clients and orders, and a new high of projects successfully delivered provide strong validation for our vision, our technology, and our business strategy. In 2022 we will continue executing on what is proving to be a very successful formula.

Our operational and financial success in 2021 has been thanks to a relentless pursuit of our core business objectives:

1. Successful global growth
2. Increased recurring revenue
3. Outstanding product innovation

We have seen growth across all our core geographies of North America, Europe and Asia. Our ability to create long-term relationships with our customers based on recurring ARR software revenue is now well established, and we continue to break new ground in technology innovation as we work closely with our customers.

In addition to building a successful business, in 2022 we will also establish a new focus internally and externally on decarbonisation, working to support our customers with their net-zero carbon initiatives, while measuring and mitigating IQGeo's own carbon footprint[3].

Case study
Supporting decarbonisation

Read more on pages 20 and 21

IQGeo's telecommunication and utility customers are at the forefront of helping our communities adapt to a net-zero carbon economy.

Our strategy

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

Goal 1
Global growth

Goal 2
Recurring revenue

Goal 3
Product innovation

Products and markets

We welcomed 76 new customers in 2021 – a record high – including partnerships with many influential network operators that have a clear digital transformation vision in which IQGeo plays a strategic role. The IQGeo team is designing and delivering software products that have caught the attention of the industries we serve and our organisation is evolving quickly from a market challenger to a leader. Our innovative software is now well established in two investment-rich markets that require our mission-critical software to meet their growth objectives.

2021 was the first full year for the acquisition of the OSPInsight software that makes up our offering to small and more niche customers, typically Tier 3 and Tier 4 out of a 4 tier hierarchy – our Small and Medium Business (SMB) offering. We are extremely pleased with the way we have integrated the business and of the performance during the year. Targeting smaller fibre network operators including corporate and municipal customers, the team closed 54 new accounts on top of an already firm foundation, growing their exit recurring revenue by over £0.8 million. Selling into a very dynamic market, the SMB team secured new customers around the globe in verticals as diverse as healthcare, highways, mining, and education in addition to its core markets of broadband providers.

For our Enterprise customers, typically large network operators, we released a full suite of our Network Manager software for fibre, electric, and gas networks to attract and close a number of major new deals. Our product leadership in the Enterprise market translated into 22 new customers and together with significant expansions at existing customer accounts, we achieved own product orders growth of 77%.

Listening to and working closely with our customers has also led to an expanding number of new application use cases for our software. For example, in Japan we are working with two of the country's largest electrical utility operators, TEPCO and Chubu Electric Power Grid, to provide a damage assessment and disaster response solution to manage increasingly frequent and severe weather incidents. We are also expanding the use of our Workflow management software to support bid management applications at Bell in Canada, as well as construction management applications with several customers. These use cases are readily transferable to other customers elsewhere in the world and demonstrate one of IQGeo's greatest competitive advantages; the ability to support our customers with a single geospatial solution across their entire operational lifecycle.

Business strategy

We were pleased to exceed our financial forecasts in 2021 through the successful acquisition of new customers and expansion within existing accounts. This two-prong approach has been successfully demonstrated across both our SMB and Enterprise customers and is central to our high-growth strategy. Once sold into a customer account, our award-winning software is quickly established as a strategic asset, resulting in further sales of both new seats of existing software and new software modules. Our overall net retention for recurring revenue during 2021 was 113%.

To promote expansion within existing accounts the SMB offering continues to develop specific "add-ons" of new functionality that keeps the product fresh and relevant. For our Enterprise customers, we have added separately licensable applications to the Enterprise product suite. These additional capabilities, together with the growth of new software user licences as our products become more widely used across an organisation, are delivering significant incremental revenue and increasing our "stickiness" within existing accounts.

The SMB short sales cycle revenue channel with smaller customers and the Enterprise higher revenue stream within large accounts is proving highly complementary. Combine this with our ability to expand functionality and user licences within existing accounts and we have created a strong sales engine.

1. https://www.statista.com/statistics/870924/worldwide-digital-transformation-market-size/
2. The network lifecycle are those activities that take any network (telecoms or utilities) from the drawing board to connecting and supporting a fee-paying customer.
3. Please refer to the decarbonisation section of the Annual Report for more details on this business goal.

Chief Executive Officer's statement continued

Business strategy continued

The strengths of both offerings are complementary and provide consistency to IQGeo's overall revenue stream by delivering a resilient mix of many smaller customers with shorter buying cycles and large accounts with long-term, high-value projects. This mix reduces month-on-month revenue volatility and improves the quality of forecasting, which in turn means that as a business we can time our investments for maximum effect.

Looking forward, we see growth coming through organic performance and where the right opportunities exist, potential future acquisitions.

Organisational structures

The IQGeo business model has adapted well to the Covid-19 restrictions. Our sales, marketing and delivery models have been enhanced to reflect our customers' changed behaviour. The management team is aware of the impact on individuals and continues to make extra effort to support the team and develop personalised career growth strategies. In our most recent staff survey, NPS numbers from our team remain very high, and is well above competitive organisations within our industry. The management team is also clear in its mission to create social capital within the organisation by providing frequent communications including monthly all-hands meetings to provide clarity on our goals, how we are achieving them and to celebrate the achievements of our high performance organisation.

As IQGeo grows, recruitment is a clear focus. Many technology companies are recruiting in the same talent pool, but our job to hire and retain the brightest minds in the industry is made easier by the impressive reputation that IQGeo is building. Strong referencing has proven to be one of our best recruiters and it has been satisfying to see individuals working across the industry reach out to us for employment opportunities, giving IQGeo the chance to hire proven talent eager to join a highly professional and winning team.

Decarbonisation market drivers

2021 was the year of COP26, creating an even greater imperative to understand and address the climate change crisis. As global industries, many telecom and utility network operators must develop net-zero carbon initiatives and the IQGeo software is supporting this process. Electrical network operators are planning new grids that support distributed energy generation, and telecom operators are helping society reduce carbon emissions through fibre broadband connectivity that enables remote commerce, education, social care, and many other applications. In these cases, the IQGeo geospatial software plays a key role by helping the industry efficiently design, build, and maintain the new, lower carbon networks of the future. The drive to decarbonisation will continue to grow in importance as governments around the world mandate new CO_2 standards and at IQGeo we will continue to work closely with our customers to develop applications and process optimisation that advances net-zero initiatives.

As an engaged and responsible business, the IQGeo team is also working to develop our own carbon footprint initiative. In 2021 we worked with an independent third party to capture and analyse our corporate carbon footprint over the previous three years. Based on this research and analysis, in 2022 we will be putting in place recommendations and policies to completely offset the IQGeo carbon footprint.

Summary

I am very pleased with the progress we have made in 2021. Our technology, business and market strategies gathered significant momentum and we exceeded the targets we set for the business. The IQGeo team has stepped up to the challenges we faced and are consistently delivering on key objectives. We enter 2022 with a clear sense of purpose and confidence in our abilities to build better networks for our customers and create an attractive and successful business for all our stakeholders.

Richard Petti
Chief Executive Officer
21 March 2022

Market segmentation

The capabilities and IQGeo product suite allow us to target prospects ranging from very large Tier 1 operators to small Tier 4 operators.

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

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

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

Enterprise market segments

SMB market segments

Target prospects:

Enterprise

Telecom network operators

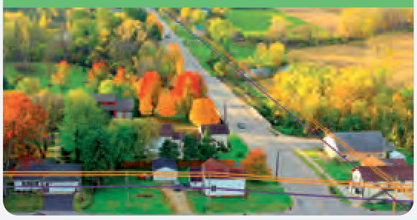
International and large regional legacy and fibre network operators

- Legacy telecom operators
- Commercial ISPs
- Broadband providers

Electrical network operators

National and large regional network operators

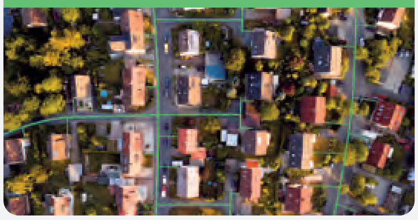
- Transmission operators
- Distribution operators



Gas & water network operators

National and large regional network operators

- Transmission operators
- Distribution operators

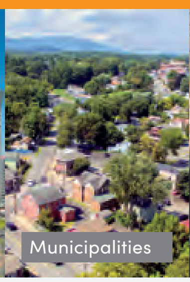


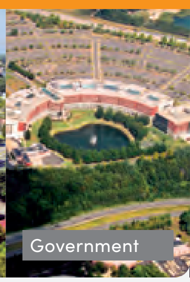
SMB

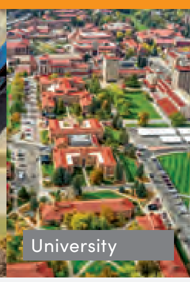
Telecom network operators

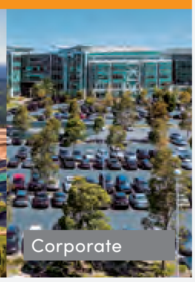
Regional and private fibre network operators

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









Market opportunity

With the acquisition of the OSPInsight software, IQGeo expanded our traditional Enterprise telecom and utility operator target market to now address smaller and private fibre network operators including regional ISPs, local and state governments, educational institutions, large corporations, and transit authorities.

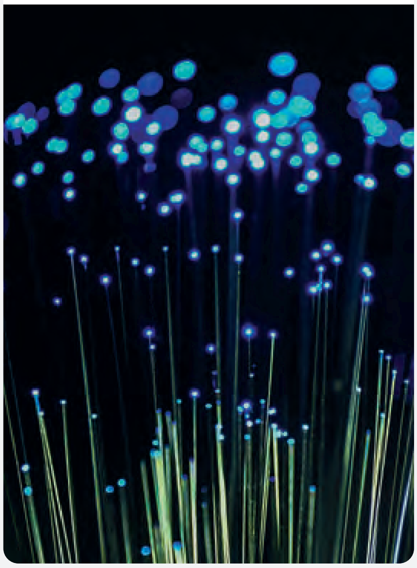
Market drivers

Demand for broadband

Fibre and 5G network operators are responding to an increasing demand for high performance broadband to support home and business applications. Driven by both private and government funding, network operators find themselves in a highly competitive market. This environment will provide major financial returns to those companies that can ramp up fibre connections and realise rapid time to revenue.

IQGeo opportunity

- Accelerate planning and design
- Streamline construction
- Improve network data quality
- Create a digital network twin for long-term operations

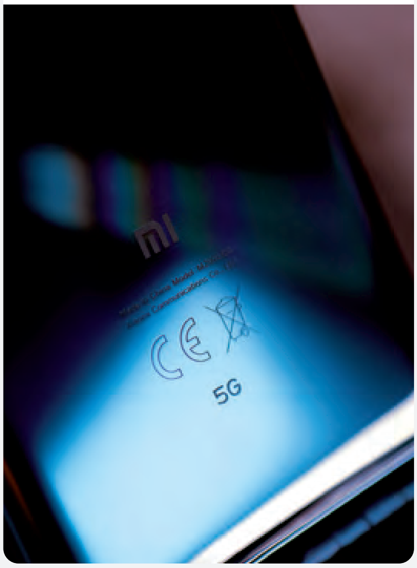


Network modernisation

Electrical network operators are undergoing a one-in-a-generation grid transformation as they adapt to support distributed energy generation, battery storage, and electric vehicles. This massive grid redesign demands more flexible and agile network management capabilities to redesign and manage increasingly complex grid infrastructure and operational procedures.

IQGeo opportunity

- Optimise changing network models
- Integrate critical data streams
- Capture network realities in the field
- Provide a single shared geospatial view



Decarbonisation

Network operators, large and small, are seeing the rise of new local and national legislation that is driving them to decarbonise their operations to meet net-zero carbon targets in the years to come. These new targets will force them to rethink all aspects of the design and management of their networks, as well as the reliability and service levels provided to their customers.

IQGeo opportunity

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

Target markets

Utilities

Electric and gas utility operators are traditionally conservative and heavily regulated to ensure quality of service and safety. Today, these organisations are facing a much more competitive future business model that is driven by distributed energy generation and gas alternatives. Their ageing network infrastructure and business models are under pressure and must evolve quickly to keep pace. IQGeo's Network Manager Electric and Network Manager Gas products provide a flexible comprehensive solution that supports the modernisation of their network and the reshaping of their business models.

IQGeo opportunity

- Replace ageing IT technology
- Improve network asset visibility
- Enable grid and network modernisation

Telecommunications

Enterprise telecom

Many large telecom network operators are evolving through organic growth and the acquisition of competitors. Integrating these diverse networks with different applications and GIS environments is essential to scale and remain competitive in a fast-moving market. The open and powerful capabilities of Network Manager Telecom and our advanced applications provide these operators with a highly scalable solution that can be customised to meet their unique technology and network landscape requirements.

IQGeo opportunity

- Consolidate and integrate applications
- Provide enterprise customisation and scalability
- Optimise processes to improve competitiveness

SMB fibre operators

Regional ISPs, municipalities, universities, and corporations often start by trying to manage their fibre networks with spreadsheets, CAD drawings, and free GIS software. However, as they grow, this tactical disjointed approach quickly becomes unworkable. Without a professional system of record to document their network, planning and management tasks grow ever more complex. IQGeo's OSPInsight software provides the answer, delivering an easy-to-use solution that is quickly configured and deployed in days so valuable fibre network assets can be shared and monetised.

IQGeo opportunity

- Document the fibre network
- Improve network data quality
- Maximise the potential of the network

Our business model

IQGeo has now established a strong recurring software subscription revenue base. In 2021 our recurring revenue grew by 80%, with an exit ARR of £8.2 million. With over 95% of all new customer orders received as subscriptions, we anticipate further ARR growth in 2022 to deliver a consistent and predictable revenue stream.

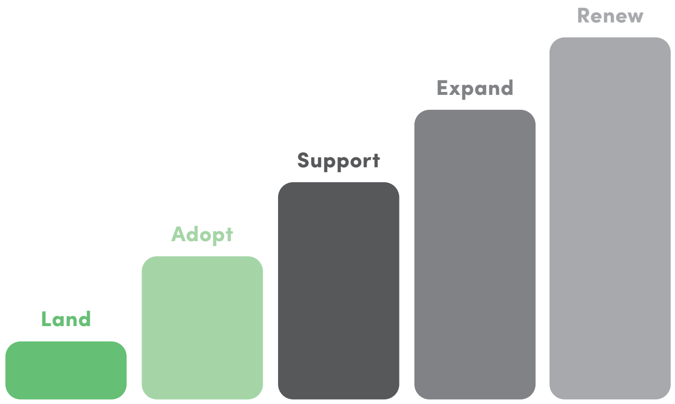
Land and expand

Once installed, our SMB and Enterprise software quickly becomes strategic to operational processes, providing long-term recurring revenue and excellent potential for user licence expansion and the addition of new applications. This "land and expand" model is driving our steady increase in ARR.

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

How we attract and retain customers

Customer growth model



New customers

Land – Attract new customers through multi-channel digital campaigns and event programmes.

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

Existing customers

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

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

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

Our vision and purpose

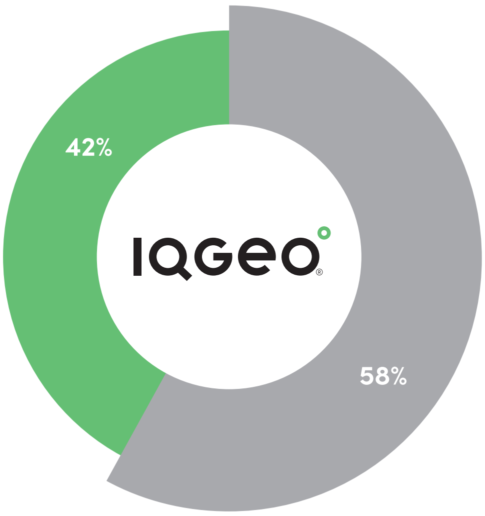
Our vision

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

In 2021 IQGeo demonstrated the success of this "land and expand" strategy with significant follow-on orders from existing customers.

How we generate revenue

1. Recurring software revenue ARR (£5.8m)
2. Consulting services (£5.1m)
3. Non-recurring software revenue (£2.0m)



Recurring revenue – 42%

Non-recurring revenue – 58%

Value created

Business

20%+
Growth in customer base

320+
Telecom and utility customers

New in 2021

76
new customers in 2021

1.5
new customers a week

"It's a real pleasure working with the team at IQGeo who exceed expectations in everything that they deliver to us."

Electric utility network operator – USA

Employees

37%
Net Promoter Score – Employee willingness to recommend IQGeo as an employer (25%-100% is classified as "Highly Engaged")

4.10/5
"I am secure in my job and confident with my career ambition"

4.15/5
"I am very satisfied to be working at IQGeo"

Our purpose

To help our customers achieve their ambitious network expansion, modernisation, safety, and decarbonisation objectives.

Our strategy

Since the formation of IQGeo as an independent business in January 2019, we have remained focused on three core goals of Global growth, Recurring revenue, and Product innovation. Over the last three years we have made steady and measurable progress against all these goals, which have contributed to building a strong foundation for our business.

Goal 1 Global growth

Progress during the year

We continued to see growth in our customer base across our 2021 target regions of North America, Europe, and Japan with particularly strong performance in North America and Japan. As our customer base and visibility grow, so does our reputation and we are establishing the IQGeo name as a leader in software innovation for the telecoms and utility industries.

Goal 2 Recurring revenue

Progress during the year

2021 demonstrated the success of our recurring software subscription model and the expansion of existing accounts with new user licences and additional applications. Our "land and expand" strategy is now well established with significant new accounts and major follow-on projects with existing customers.

Goal 3 Product innovation

Progress during the year

With the launch of our new Network Manager Electric and Network Manager Gas products and the update of Network Manager Telecom, we have created a strong product portfolio that is effectively challenging legacy GIS solutions. We have also expanded the capabilities of our OSPInsight software and created extra-cost Add-ons such as mobility that enable account expansion and reduce customer churn.

Our future goals

We will continue to focus on our core markets while expanding into new regions. In 2022 we are adding a partner team with the goal of recruiting experienced reseller partners to take the successful IQGeo proposition to new parts of the world. We will initially target Southeast Asia, the Middle East, and Eastern Europe for this new partner network.

76 new customers in 2022

Read more in Market Opportunity on pages 14 and 15

Our future goals

A subscription-based software licensing model with cloud deployments is now normalised with both SMB and Enterprise customers, and perpetual software licensing is an exception. We will continue to focus on subscription licensing across our software product line and will develop new software applications and Add-ons to enable greater customer account expansion.

80% growth in recurring revenue

Read more in Our Business Model on pages 16 and 17

Our future goals

IQGeo's heritage is one of delivering compelling software innovation and this will remain our strategic focus. Working closely with our customers, we will continue to evolve our existing software solutions and refine our cloud delivery capabilities. In addition, we are researching new application areas where we can extend our product suite to further support our customers across their network lifecycle.

IQGeo Customer Innovation Awards

Read more in Our Products and Case Study 2 on pages 6, 7, 22 and 23

Case study 1

Supporting decarbonisation

Challenge

The climate crisis requires that every individual and organisation reduce their consumption of carbon-emitting energy resources and IQGeo's telecommunication and utility customers are at the forefront of helping our communities adapt to a net-zero carbon economy.

This is a major challenge for electric utility operators as they modernise their grids to manage a more complex distributed energy generation model from renewable sources and plan for battery storage and the management of electric vehicle recharging. This will be a once-in-a-generation change to the design, structure, and management of their grids, and on top of this many are also working to set net-zero targets for their own organisations.

The telecom industry plays an important part in global decarbonisation. As a huge global industry, they must decarbonise their own operations while supporting their customers to reduce personal and business carbon emissions. The Covid-19 pandemic highlighted how critical broadband technology is in reducing the need for carbon intensive travel. In addition, there are carbon reduction opportunities on the network as fibre optic technology is more energy efficient than legacy coax and copper transmission.

Gas networks are also facing a different challenge as they consider greener and more renewable alternatives to natural gas and the business pressure to reduce or eliminate gas consumption.

Regulatory mandates for decarbonisation have already begun and more stringent controls will surely follow. Many changes will not be optional. Utilities can expect national reduction targets to GHG (greenhouse gases) created by electricity generation, management, transmission, and transportation.

Many states and municipalities will be adding their own regulations and targets, and many publicly owned organisations may set their own decarbonisation goals, while customers will increasingly demand net-zero suppliers.

The role of IQGeo

The IQGeo network management software provides a valuable technology foundation to assist network operators with the decarbonisation challenge. The network modernisation required to meet net-zero objectives demands the efficient design and operation of network assets. Our software provides a single geospatial view of their network that integrates real-time data from remote sensors, applications, and field assets which is essential to understanding the state of the network and to develop strategies for network evolution.

We are already working with some of our most forward-looking customer partners to design next-generation renewable networks and optimise their existing processes to cut unnecessary carbon emissions. This will be a long-term project, but we can see that the IQGeo software has a strategic role to play in helping our customers reduce carbon emissions and improve the lives of all our communities, and we will continue to develop our software to support the carbon reduction imperative.

A net-zero IQGeo

Recognising the decarbonisation imperative, in 2021 IQGeo invested in measuring our own carbon footprint over the last three years and will be working in 2022 to put in place mitigation programmes to reach a net-zero objective. Refer to the ESG section on Environmental footprint for additional information about IQGeo's internal decarbonisation initiatives.

IQGeo's decarbonisation initiative

With the acceleration of climate change, it is vital that all organisations recognise the dangers of greenhouse gases (GHG) and develop strategies to offset carbon emissions. In 2021 IQGeo embarked on a carbon footprint programme driven by our executive management team to measure and mitigate our carbon footprint.

IQGeo total tonnes of CO_2e 2021

158.22

IQGeo tonnes of CO_2e per employee 2021

1.55

See more on page 31

Case study 2

IQGeo Customer Innovation Awards

Each year IQGeo recognises a small number of our customers for outstanding performance through our IQGeo Customer Innovation Awards. The winning companies demonstrated exceptional innovation in the deployment of IQGeo technology and for the significant contribution they have made to the transformation and optimisation of their business. The 2021 winners were Chubu Electric Power, GCI, MDU, Swish Fibre, Tachus and Ting.

Winner: Chubu Electric Power
Industry: Electric utility operator
Location: Nagoya, Japan
Project: Disaster Recovery Information Sharing System (DRISS)

Chubu Electric deployed the IQGeo geospatial platform as the foundation for their Disaster Recovery Information Sharing System accessible to more than 4,000 users. This high-visibility project was completed in just two months and was operational in time to respond to Japan's often severe typhoon season. The solution provides specialist response teams with a shared real-time view of changing network conditions so they can quickly and safely restore electrical service.

Winner: GCI
Industry: Fibre network operator
Location: Anchorage, Alaska, USA
Project: Complete network visibility

Using the OSPInsight software and Add-ons, GCI has created a comprehensive network visibility solution that assists with everything from expansion planning to field operations for its fibre network across Alaska. Daily operations allow their team to prioritise repairs, optimise field operations with splice reports, and make informed and accurate decisions on network growth opportunities. The integrated solution is enhancing strategic collaboration and improving tactical efficiencies.

Winner: MDU
Industry: Gas network operator
Location: Bismarck, North Dakota, USA
Project: Single pane of glass integration

As one of IQGeo's longest-standing customers, MDU initially deployed an inspection and survey application for its gas network in Northern US states. In 2021 it completed an innovative expansion to provide real-time integration with applications that include its Esri GIS and Maximo EAM systems. This new solution provides a single integrated view of its network operation that delivers the right information to the right people at the right time, reducing digital fatigue, cutting technical debt, and empowering more productive employees.

Winner: Swish Fibre
Industry: Fibre network operator
Location: London, England
Project: Fast-growing innovation

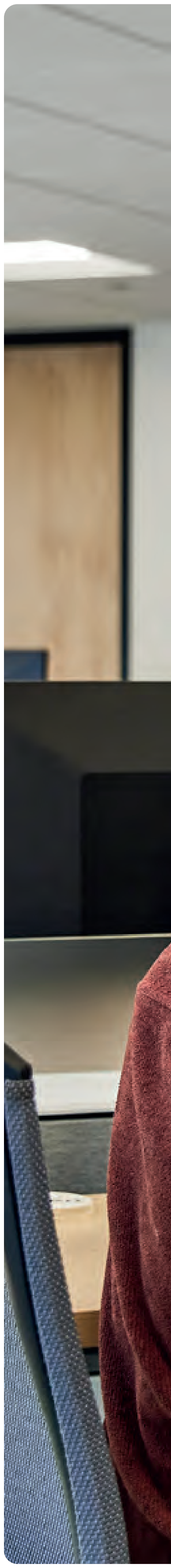
Swish Fibre operates in the highly competitive UK telecom market and rapidly rolled out the IQGeo geospatial software suite to create an end-to-end view of its operational lifecycle that supports office-based, contractor and field teams. Swish is leading the industry with a fully digital operation that eliminates siloed applications, spreadsheets, and paper drawings. This digital system automates construction processes and integrates a range of applications to reduce delivery timetables, increase project volume, and cut bottlenecks.

Winner: Tachus
Industry: Fibre network operator
Location: Houston, Texas, USA
Project: Mobile-ready workforce

Tachus was one of the first customers to equip its Texas-based field teams with the new OSPInsight Mobile Add-on. Its rapid deployment provides innovative new mobile capabilities to perform network-connected field audits, surveys and walkouts. They now capture as-built data directly from the field and attach GPS overlays and network information to the imagery and feed it directly back to operations teams to create a near-seamless integrations that improve process efficiency and data quality.

Winner: Ting
Industry: Fibre network operator
Location: Toronto, Ontario, Canada
Project: Rapid deployment and integration

Ting recognised the need to modernise their network system of record to support their plans for extensive network expansion in Canada and the US. Against a very aggressive timetable the team replaced its legacy GIS software with an IQGeo Network Manager solution, integrating key applications. The forward-thinking configuration is fully cloud hosted to create a resilient, secure, and highly scalable environment to match its ambitious business objectives.



Goal 3 Product innovation

"Our six Innovation Award winners for 2021 have excelled in the quality of their business vision and in their ability to execute high-impact projects, and we are delighted to have been selected as the technology partner to help each of them achieve their goals."

Richard Petti
Chief Executive Officer

Partners:

CHUBU Electric Power Grid

GCI

MDU RESOURCES GROUP, INC.

Swish fibre

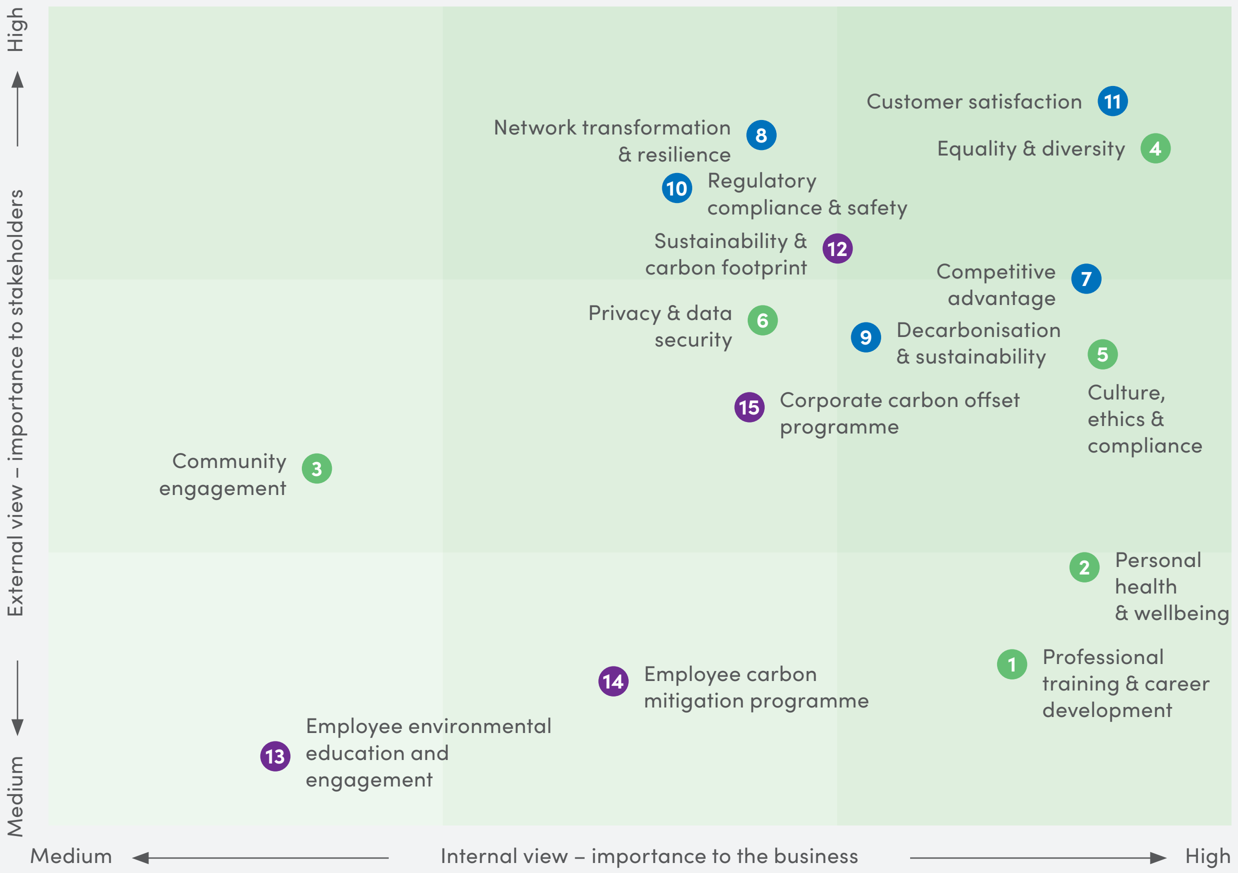
TACHUS

ting

Environmental, social and governance

Our material issues

Our materiality matrix



People and community

People are at the heart of our success

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

Technology impact

Innovation for business success

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

Environmental impact

Developing a net-zero strategy

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

> We continue in our commitment to good corporate governance by maintaining and applying the QCA Corporate Governance Code.
>
> **Paul Taylor**
> Chair

Section 172 statement

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

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

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

Engagement with stakeholders and consideration of their respective interests in the Company's decision-making process took place during the year as described on pages 26 and 27.

Identifying our material issues:

IQGeo material issues

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

Our stakeholders

Shareholders

How we engage

We are working to increase our level of communications as our shareholders grow. 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. 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. In addition to these passive measures, the CEO engages with members through investor roadshows held at least twice each year following the release of results, the Company issues investor eNewsletters, and there is a targeted investor portal page on Proactive Investors. These communication initiatives also include periodic video interviews with our CEO and CFO on important business topics.

Outcome of engagement

Investors continued to demonstrate support for Board initiatives and activities throughout 2021. This included the appointment of Carolyn Rand as a new Non-Executive Director and Chair of the Audit Committee and approval of the resolutions proposed at the AGM.

Key issues from materiality matrix

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

Employees

How we engage

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

Outcome of engagement

While IQGeo has been successful in dealing with the impact of Covid-19 on our business and the new home working environment, we recognise that the Company needs to reach out to employees in new and more creative ways to build a strong team ethos. In 2022 we will be putting in place several new employee engagement and development activities which are highlighted in the People and community section.

Key issues from materiality matrix

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

Customers

How we engage

IQGeo has always had a strong customer ethos, and this continues to be critical to everyone's success. We have in place a series of customer engagement initiatives that range from sharing technical product information to creating customer case studies and account-based sales support. These activities are designed to improve the customer experience that supports subscription renewal and expansion opportunities.

Outcome of engagement

To better monitor and improve our customer engagement in 2022, we are creating a new Customer Success team for our Enterprise customers which is modelled on our already successful SMB Customer Success team. This experienced team will create a new customer engagement model to provide long-term account support.
In addition, we plan to return to an in-person customer conference in the autumn of 2022 after two years of virtual events. Live events have historically provided an excellent forum for sharing successful project strategies.

Key issues from materiality matrix

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

User conference case study:

IQGeo virtual meetup

In October 2021 we held our annual customer conference. Due to Covid-19 restrictions, it was again conducted as a virtual event in four two-hour meetings across the course of a week. The agenda included industry keynote addresses and dedicated sessions for our SMB, Enterprise utility, and Enterprise telecom customers. With over 400 registrations and twelve customer speakers, it was very successful. In 2022 we hope to return to a physical event, currently scheduled for mid-October in Denver.

Community & environment

How we engage

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

Outcome of engagement

With IQGeo's carbon footprint now documented, we are preparing employee education programmes to advise our staff on carbon mitigation best practice and will explore carbon offsetting options to achieve a net-zero carbon footprint in the future. We also continue to provide our employees with time off work to assist local charitable activities that are important to them and their families.

Key issues from materiality matrix

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

People and community

Working environment

The IQGeo team has adapted well to working from home as we respected local regulations about limiting personal interaction during the Covid-19 pandemic. Our overall productivity and morale have remained high despite the obvious challenges. As the pandemic recedes, we are developing a return-to-office strategy that encourages people back into the office part time. Our colleagues have come to appreciate the work-life balance of working from home and the productivity benefits it brings, so we are instituting a hybrid home working strategy for the foreseeable future. This new approach will encourage teams to work together in the office two to three days a week to strengthen business and personal relationships, while enjoying the advantages that working from home has to offer.

In 2021 we began a project to secure ISO 27001 certification to demonstrate our investment in people, processes, and technology (tools and systems) to protect our data and customers. This process involves an independent review by experts who will assess if our data standards provide sufficient protection. We anticipate receiving ISO 27001 certification in 2022.

Employee engagement

The new hybrid working model requires extra effort in reaching out to employees to listen to their needs and concerns. In addition to continuing our annual employee satisfaction survey, we have instituted a series of "pulse surveys". These are very short, two to three question, surveys on a specific topic designed to capture the current pulse of our employees.

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

Employee appraisals and reviews are more important than ever before, and we have a well-structured programme in place to set and monitor personal objectives and career development targets.

Professional development

As IQGeo grows we are creating greater opportunity for professional advancement and career development. To support this ambition, we are creating a skills training programme that will encourage employees to participate in internal and external training sessions for personal development.

In 2022 we will also be working to create internship and mentorship programmes. Targeted at graduate recruitment, the internship programme will provide younger employees with exposure to different areas across our business and prepare them for the first steps in their professional career. The Mentorship programme will support new joiners by teaming them up with an experienced colleague to provide advice, introductions, and guidance.

Personal support

As part of our evolving diversity and equality initiatives, in 2021 we expanded our maternity policy to support new mothers and their families. This includes an extended compensation package and keeping-in-touch days to support the transition back to the office.

We have also completed the release of an updated Employee Assistance Programme which offers all employees free heath, legal, financial, and relationship support services.

CSR

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

To reduce employee carbon footprint, our Denver-based team can take advantage of a rapid transit EcoPass that gets them out of their car and onto buses and trams for their commute to and from work.

1. **Employee NPS**
   37%
   Employee net promoter score – employee willingness to recommend IQGeo as an employer (25%-100% is classified as "Highly Engaged")
2. **Job security and career ambition**
   4.10/5
   "I am secure in my job and confident with my career ambition"
3. **Job satisfaction**
   4.15/5
   "I am very satisfied to be working at IQGeo"

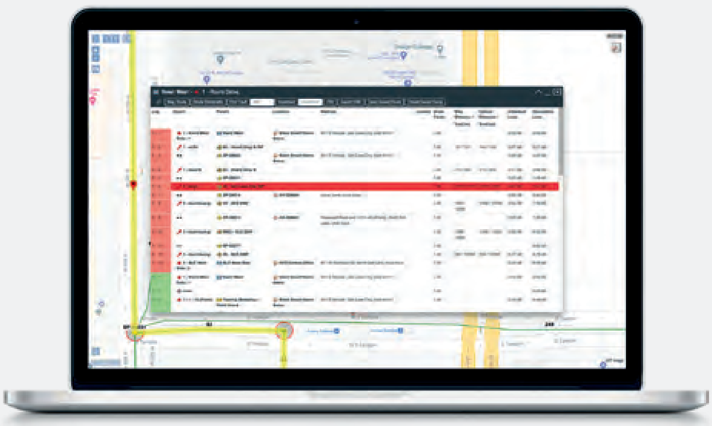
Technology impact

Decarbonisation and net-zero initiatives are growing in popularity among our telecom and utility customers. Driven by increasing government regulations, corporate priorities, and pressure from their own customers for greener services, these organisations are rapidly developing sustainability strategies.

We are working with our most innovative customers and with industry organisations to understand the emerging requirements of the new renewable economy; how it will impact our customers, and the role of the IQGeo technology. One thing that is clear, is the increasing dependency that businesses and consumers will have on telecommunication and utility services in the future and the imperative to create reliable, resilient networks.

With distributed energy generation, electric vehicles, and battery storage, electricity networks will play a strategic role in creating a net-zero carbon future. Telecom networks are already contributing to our new remote economy with high-speed broadband and with fibre network consuming less electricity than copper and coax networks, there are major opportunities for carbon reductions.

The traditional approach to planning and designing networks is inadequate for modernisation, decarbonisation, and the eventual push toward net-zero. More than ever, network operators need the ability to use a common flexible platform across the entire organisation to plan, design, construct, and operate future networks. Increasing grid complexity demands the agile, innovative IQGeo solutions. The IQGeo software is emerging as an important tool to identify decarbonisation opportunities, enable digital transformation to build the networks of the future, and optimise processes to reduce carbon emissions.



OSPInsight Fibre network fault finding

Environmental footprint

Over the past two decades the effects of climate change have accelerated and it is now an imperative for organisations and individuals to educate themselves on the dangers of greenhouse gases (GHG) and develop strategies to mitigate and offset our carbon emissions.

In 2021 IQGeo embarked on a carbon footprint programme driven by our executive management team. To ensure the greatest possible rigour and accountability in this process, we engaged experts through a UK-based company called Carbon Footprint (www.carbonfootprint.com). Carbon Footprint works with companies like IQGeo to measure corporate GHG emissions and develop mitigation strategies using a six-step process.

Results and analysis

Using a well-documented assessment methodology in accordance with Part 1 of ISO 14064: 2018, Carbon Footprint calculated IQGeo's carbon emissions for 2019, 2020, and 2021 (see graphs on page 31). The profile of our footprint is not unexpected given the nature of our software business. Most of our emissions are produced by travel and electricity used in our offices around the world. Looking closer at our travel profile reveals that the chief contributor is aeroplane flights.

1. Measure
2. Aim
3. Reduce
4. Offset
5. Communicate
6. Comply

We saw significant declines in our overall carbon emissions over the last three years, which is largely due to our reduction of air travel during the Covid-19 pandemic. This effect also changed the balance of emission sources, with office and home working electricity emissions eventually outpacing air travel by 2021. As Covid-19 travel restrictions are lifted we do anticipate an increase in air travel emissions but will be working with the IQGeo team to carefully consider the necessity of each flight in the future.

Next steps

With the results and analysis of IQGeo's GHG emissions now fully documented, it is our aim to become proactive in the assessment and management of our carbon emissions. In 2022 we will develop a carbon mitigation best practice programme and a parallel employee education initiative to share our carbon profile and support our colleagues in the reduction of their professional and personal carbon emissions. We have also requested and received proposals for carbon offsetting, and we will be evaluating these proposals with the objective of becoming a carbon neutral company.

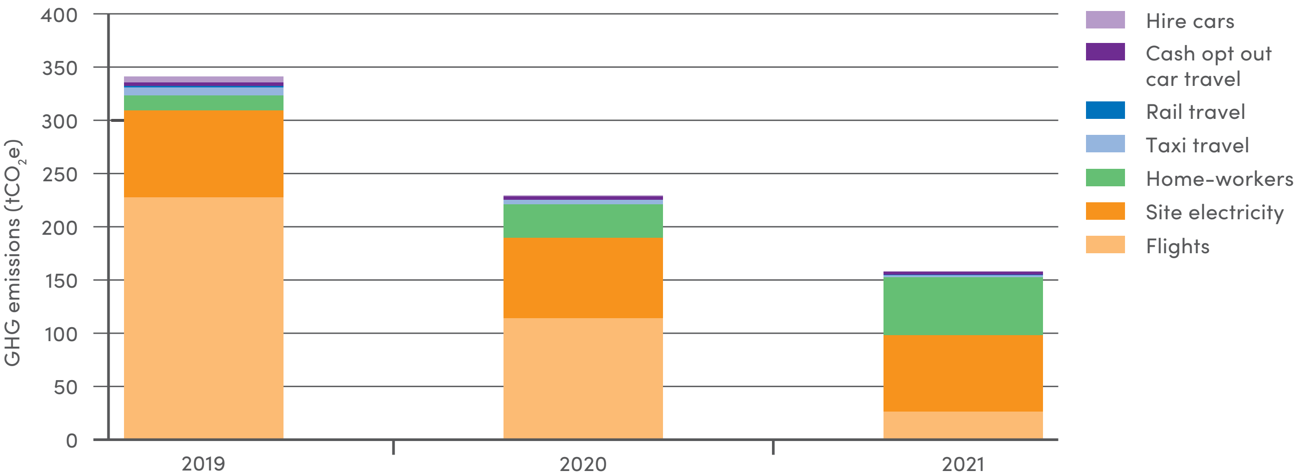
Please contact IQGeo if you would like to request a full copy of our Carbon Footprint Appraisal.

IQGeo carbon footprint summary

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

Element	2019	2020	**2021**	% change on baseline year (2019)	% change on previous year
Site electricity	81.66	75.80	**71.44**	(13)%	(6)%
Cash opt out car travel	3.10	3.05	**3.01**	(3)%	(1)%
Taxi travel	7.63	4.29	**1.87**	(76)%	(56)%
Rail travel	1.42	0.34	**0.15**	(89)%	(56)%
Flights	227.48	113.95	**26.68**	(88)%	(77)%
Hire cars	5.64	0.63	**0.23**	(96)%	(64)%
Home-workers	14.15	31.24	**54.84**	288%	76%
Total tonnes of CO_2e	341.08	229.30	**158.22**	(54)%	(31)%
Tonnes of CO_2e per employee (year end)	4.80	2.39	**1.55**	(68)%	(35)%
Tonnes of CO_2e per employee (average)	5.02	3.37	**1.57**	(69)%	(54)%

Total GHG emissions



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

Key performance indicators (KPIs)

1 Exit ARR (£m)

£8.2m +54%

2021	8.2
2020	5.3
2019	2.0

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

2021 performance
Exit ARR has increased by 54% due to addition of new logos and net retention of IQGeo's customer base of 113%.

Link to strategy

2 In-year recurring revenues (£m)

£5.8m +80%

2021	5.8
2020	3.2
2019	1.6

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

2021 performance
IQGeo recurring revenues recognised in the consolidated income statement have increased by 80% with over 95% of logos being added on a subscription basis.

Link to strategy

3 Recurring revenue order intake (£m)

£10.3m +63%

2021	10.3
2020	6.3
2019	2.5

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

2021 performance
Recurring revenue order intake has increased by 63% 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)

£18.9m +77%

2021	18.9
2020	10.7
2019	7.5

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

2021 performance
IQGeo own product orders have increased by 77% with a strong intake of services orders being won alongside subscription sales.

Link to strategy

5 IQGeo own product revenue (£m)

£12.9m +75%

2021	12.9
2020	7.3
2019	5.5

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

2021 performance
IQGeo own product revenue has increased by 75% with growth driven by recurring revenue streams and a growing services order book.

Link to strategy

6 Gross margin (%)

64% +12%

2021	64
2020	52
2019	42

Description
Gross margin achieved from total revenues.

2021 performance
The gross margin increase of 12% is a result of the revenue mix moving towards higher margin IQGeo product revenues and improved services margins.

Link to strategy

7 Cash, net of debt (£m)

£11.5m +10%

2021	**11.5**
2020	10.5
2019	13.1

Description
Cash at bank offset by debt.

2021 performance
Net cash has improved during the year with the Group generating a positive cash flow from operating activities of £0.7 million.

Link to strategy

8 New logos won (Number)

76 +485%

2021	**76**
2020	13
2019	13

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

2021 performance
IQGeo has won the most new logos in its history.

New logos were won in all operating regions during 2021, with the regional customer base becoming more diverse as markets are developed.

Link to strategy

9 Employee headcount at 31 December

102 +6%

2021	**102**
2020	96
2019	71

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

Target
Headcount has only increased moderately during the year as the Group continued to monitor costs closely during the Covid-19 pandemic.

Link to strategy

Key
Global growth

Recurring revenue

Product innovation

Chief Financial Officer's statement

2021 has been a very successful year for the Group.

Haywood Chapman
Chief Financial Officer

Exit ARR increased by

54%

Net retention of ARR for 2021 was

113%

Principal events and overview

2021 has been a very successful year for the Group as we continue to focus on increasing Annual Recurring Revenue ("ARR") and growing our customer base through subscription-based software sales and maintaining long-term relationships with customers. As we continue to be successful in the markets in which we operate we will continue to grow revenue and achieve sustained profitability and cash inflows.

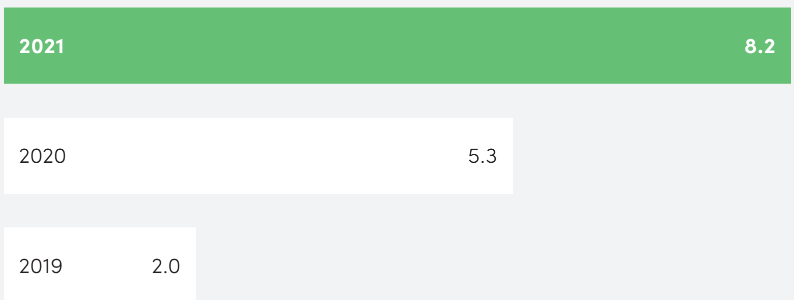
On 21 December 2020, the Group acquired OSPI for a total consideration of up to $8.75 million.

The OSPI business or Small and Medium Business ("SMB") unit of IQGeo has been successfully integrated into IQGeo's operations during the first half of 2021, and the positive results of the acquisition along with the organic growth achieved by IQGeo's pre-existing operations are reflected in the Group KPIs. The integration of OSPI has gone very well with the SMB unit winning 54 new logos during the year and more than doubling the new ARR won to £1.1 million compared to the year before the acquisition.

As at 31 December 2021, the Exit ARR of the Group was £8.2 million and this will give us greater visibility of revenues and cash flows moving forwards. 42% of the Group's revenues during the year were recurring compared to 35% in 2020.

Exit ARR (£m)

£8.2m +54%



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 2020 and 2021 were:

KPIs	2021 £'000	2020 £'000
Total revenue	**13,849**	9,155
Recurring revenue	**5,751**	3,195
Recurring revenue %	**42%**	35%
New ARR added in year	**3,370**	1,419
Exit recurring revenue run rate	**8,178**	5,302
IQGeo own product orders	**18,887**	10,700
Gross margin %	**64%**	52%
Adjusted EBITDA loss	**(829)**	(2,495)
Loss for the year	**(1,929)**	(4,111)
Recurring revenue net retention	**113%**	140%
Cash, net of debt	**11,499**	10,478

Annual recurring revenue

ARR arises from both subscription-based software sales and also maintenance and support arrangements from perpetual licence sales. The Group has been successful in continuing to increase ARR with £3.4 million being won in year, a 137% increase over the £1.4 million added during 2020. £1.1 million of the increase was due to OSPI, acquired in December 2020 and therefore not included in the 2020 figure, albeit that under IQGeo ownership, OSPI ARR won has increased from £0.5 million in 2020 to £1.1 million in 2021. Whilst ARR won was partly due to new customers, with 76 new logos won in the year compared to 13 in 2020, the increase was also due to expansion sales to existing customers. The Group achieved a recurring revenue net retention figure of 113% which reflects the Group's continued ability to grow existing customer accounts through new products and increasing the user count, along with excellent logo retention. The driver behind the 2020 Net Retention figure of 140% was the large order received from Tokyo Electric and Power Company, an existing customer, in March 2020. We are, however, still very pleased with the 113% net retention figure achieved.

The Exit ARR of the Group as of 31 December 2021 has increased by 54% to £8.2 million (2020: £5.3 million). Recurring revenues now account for 42% of all revenue, compared to 35% in 2020, and as this percentage continues to grow, this will bring increased visibility of revenues and cash flows as well as increased margins given the 90% gross margin that our subscription and maintenance and support revenues bring.

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

Orders

Bookings of orders related to IQGeo own products increased by 77% to £18.9 million during 2021 (2020: £10.7 million) with new customers being added in all three of our key markets (North America, Europe and Japan).

IQGeo own product order backlog (the value of revenue to be recognised over future years) as at 31 December 2021 was £14.1 million (2020: £8.3 million), an increase of 70%.

Bookings of orders related to third party Geospatial Services were £0.7 million (2020: £1.2 million) with order backlog decreasing to £0.5 million (2020: £0.9 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	2021 £'000	% of total revenue	2020 £'000	% of total revenue	Year on year growth
Recurring IQGeo product revenue	**5,751**	**42%**	3,195	35%	80%
Perpetual software	**2,011**	**15%**	299	3%	573%
Services	**5,089**	**36%**	3,846	42%	32%
Non-recurring IQGeo product revenue	**7,100**	**51%**	4,145	45%	71%
Total IQGeo product revenue	**12,851**	**93%**	7,340	80%	75%
Geospatial services from third party products	**998**	**7%**	1,815	20%	(45)%
Total revenue	**13,849**	**100%**	9,155	100%	51%

The Group has achieved recurring revenue growth of 80% during 2021 to £5.8 million (2020: £3.2 million) largely as a result of the ARR won during 2020/2021 and the acquired OSPI customer base which brought £2.0 million Exit ARR at the point of acquisition.

Sales of perpetual software licences have increased significantly from the prior year as while the Group continues to focus on subscription sales, some customers – particularly in the utility market – prefer a perpetual software offering. It is anticipated that this one-off revenue will continue to fluctuate year on year.

Associated service revenues from initial deployments and expansion orders have also grown by 32% and the Group went into 2022 with a strong backlog of services orders, providing visibility of services revenues for six months and beyond. Labour backlog as at 31 December 2021 was £3.3 million with a further £1.4 million of services orders being won in January 2022.

Gross profit

Gross profit	2021 £'000	Gross margin %	2020 £'000	Gross margin %	Gross margin mvt
Gross profit/gross margin	**8,797**	**64%**	4,746	52%	12%

Gross margin percentage has increased during 2021 by 12%. High margin recurring product revenues are 42% of total revenues for 2021 (2020: 35%). This shift in product mix has driven the increase in gross margin percentage along with improved services margins.

Operating expenses and adjusted EBITDA

Operating expenses were £11.4 million (2020: £9.1 million) and are summarised as follows:

	2021 £'000	2020 £'000
Other operating expenses	**9,626**	7,241
Depreciation	**315**	369
Amortisation	**1,656**	1,002
Share option expense	**282**	130
Unrealised foreign exchange loss on intercompany trading balances	**42**	43
Non-recurring items	**(550)**	289
Total operating expense	**11,371**	9,074

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

Other operating costs during the period have increased with the addition of the OSPI acquired business adding £1.6 million of operating costs to the Group. The Covid-19 pandemic has continued to restrict travel and face-to-face sales activities which has resulted in reduced costs. Operating costs are anticipated to increase in the future to drive further revenue growth.

Non-recurring items in 2021 includes a £0.6 million credit relating to a loan waiver. 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. This loan was forgiven by the US Small Business Administration along with interest accrued in June 2021.

Adjusted EBITDA excludes amortisation, depreciation, share option expense, foreign exchange gains/losses on intercompany trading balances and non-recurring items and is reported as it reflects the performance of the Group. Adjusted EBITDA for the year was an improved £0.8 million loss (2020: Adjusted EBITDA £2.5 million loss).

The operating loss for the period was £2.6 million (2020: £4.3 million).

EPS and dividends

Adjusted diluted loss per share was 3.1 pence (2020: 7.3 pence). Reported basic and diluted loss per share was 3.4 pence (2020: 8.2 pence). The Board does not feel it appropriate at this time to commence paying dividends.

Consolidated statement of financial position

As at 31 December 2021, the Group had a cash position of £11.5 million and no debt (2020: £11.1 million with debt of £0.6 million).

Assets

Total assets were £27.4 million (2020: £27.5 million). Total current assets decreased marginally to £16.7 million (2020: £16.8 million) although this included movements on the RTLS SmartSpace investment.

The consideration for disposal of the RTLS SmartSpace business in 2018 included £2.0 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. As at 31 December 2020, the investment was included within current assets as an asset held for sale. In January 2021, the sale was completed and £2.5 million cash was received by IQGeo. The movement in the assets held for sale has been largely offset by the movement in trade and other receivables from £2.9 million in 2020 to £5.0 million, the increase driven by the growth of the business and timing of deals closed in December 2021.

Total non-current assets were £10.7 million (2020: £10.6 million). Capitalised development costs at 31 December 2021 were £2.5 million (2020: £1.8 million) with the increase reflecting the investment in the IQGeo product suite, offset by the amortisation charge. No change has been made to the current three-year amortisation period, due to the fast-moving nature of the technology.

Liabilities

Total current liabilities increased to £8.8 million (2020: £6.2 million) which includes an increase in deferred revenue of £1.7 million as would be expected in a business that is increasing annual recurring revenue through subscription-based customer contracts. Current liabilities also include £0.8 million of contingent consideration in respect of the OSPI acquisition which will be settled before the end of April 2022.

Total non-current liabilities decreased to £1.4 million (2020: £2.9 million restated) due to the forgiveness of the bank loan granted under the USA CARES Act's Paycheck Protection Programme and settlement of outstanding balances in relation to the OSPI acquisition.

Net assets

Net assets decreased to £17.2 million (2020: £18.4 million restated).

Cash and cash flow

Operating cash outflow before working capital movement was £0.9 million (2020: £2.8 million). Operating cash inflow from operating activities after adjusting for working capital and tax was £0.7 million (2020: £2.3 million outflow).

The Group had investment outflows of £0.1 million (2020: £5.5 million). The 2021 figures included £2.5 million received from the RTLS disposal which partially offset £1.9 million of capitalised R&D costs and £0.6 million of deferred payments in relation to the OSPI acquisition. The 2020 figure included £4.0 million initial consideration for the OSPI acquisition.

Cash outflows from financing activities were £0.3 million (2020: £5.8 million inflow) with the year-on-year movement primarily due to the fundraise completed in December 2020.

Going concern

As at 31 December 2021, the Group had £11.5 million of cash (2020: £11.1 million). The Directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. The projections prepared until 31 March 2023 show that the Group will be able to operate comfortably within the current levels of cash available and, based on this, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Haywood Chapman
Chief Financial Officer
21 March 2022

Principal risks and risk management

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

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

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

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

Strategic risks

Principal risk and impact	Mitigation of risk	Strategy	Change
Growth management Near-term expansion is expected in the future to develop existing markets and to expand into new markets. The risks associated with growth include the delivery of market penetration through the conversion of the sales funnel, and control of increases in fixed operating costs to support revenue growth. If the Group is unable to manage expansion effectively, its business and financial results could suffer. If the Group is unable to deliver growth to exceed the costs of operation then ultimately its cash resources will be fully consumed.	• Subscription revenue model provides greater stability to revenue, cash flows and operations in future periods. The Exit ARR of the Group as at 31 December 2021 was £8.2 million. • 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.	Global growth; Recurring revenue	No change

Principal risk and impact	Mitigation of risk	Strategy	Change
Continuing investor confidence Access to future capital may be required as the business develops. Growing market capitalisation and good investor relations coverage will be viewed positively by existing and potential customers.	• Clearly defined medium and long-term strategy. • Regular meetings with investors as part of the financial results reporting cycle. • Improved communication to articulate business performance and strategy.	Global growth	No change

Key

Increase — Decrease — No change

Global growth — Recurring revenue — Product innovation

Strategic risks

Principal risk and impact	Mitigation of risk	Strategy	Change
Dependence on key customers The Group has a significant portion of Exit Annual Recurring Revenues concentrated with several substantially larger enterprises than the Group. The Group is reliant on significant projects with its key customers to deliver financial results. The conversion of opportunities to signed contracts and then the subsequent timing of the projects is not fully under the control of the Group.	• The Group's management performs regular reviews of the opportunity pipeline, including critical stages to complete the larger deals with status reported at Board meetings. • The Group's customer base has expanded with more customers using IQGeo products. The Group added 76 new logos during 2021. • 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.		

Principal risk and impact	Mitigation of risk	Strategy	Change
Customer satisfaction and retention The subscription model is attractive to some customers as it provides flexibility and reduces the initial investment required to adopt the IQGeo Platform. Poor customer satisfaction would impact renewal of subscription and maintenance and support contracts. Expansion of additional users and new products is anticipated within our typical customer lifecycle. This strategy would be limited in the event of poor customer satisfaction. The transition to a subscription model will deliver sustained long-term growth if the majority of customers won are retained. Loss of customers will lead to a reduction in cash through renewals of subscriptions. Barriers to entry into the market are high with proof of delivery in customer environments essential. The Group operates in a market with a small number of significant customers and reputational damage through poor customer satisfaction could be significant. Additionally, poor customer satisfaction could result in delays in the timing of customer payments which would reduce the working capital available to the Group.	• Maintain regular communications with customers. • Ensure appropriate level of resources are applied to key customer accounts. • Deal with issues quickly through a clear escalation path. • Investment in product enhancements with a focus on understanding customer needs.		

Principal risk and impact	Mitigation of risk	Strategy	Change
Technological risk The Group operates in an industry where competitive advantage is heavily dependent on technology. Technological development may reduce the importance of the Group's function in the market. Slower adoption of disruptive technologies within the markets we operate in will impact on revenue unless the benefits of the IQGeo Platform are clearly communicated.	• Regular monitoring of the industry and advances through participation in research forums. • Review of the product roadmap by the Board to ensure competitiveness. • Continued investment in technologies that meet customer needs. • Monitoring of planned R&D to ensure resources are allocated to deliver advances that are aligned to the Group strategy, linking investment to commercial viability and return on investment.		

Principal risk and impact	Mitigation of risk	Strategy	Change
Covid-19, other pandemics and geopolitical uncertainty The ability to build pipeline, develop opportunities and service customers needs direct customer interaction which is often most effective on a face-to-face basis requiring travel. Covid-19 travel restrictions have resulted in key tradeshows being cancelled or postponed. There is uncertainty as to when face-to-face interaction will return to pre-pandemic levels. Global economic downturn or reprioritisation of investment strategies caused by external factors such as a pandemic or geopolitical uncertainty may slow down investment plans for IQGeo target customers.	• Maintain regular communications with customers. • Be aware of potential impact to customer operations. • Implement digital marketing strategy to continue lead generation. • Maintain cloud-based infrastructure for IQGeo's IT systems. • Implemented travel and quarantine policy for staff as well as comprehensive work from home capabilities. • Pipeline and forecast is risk weighted appropriately to reflect any downturns.		

Principal risks and risk management continued

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.	Increase
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.	No change
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.	Decrease
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.	No change

Key

Increase   Decrease   No change

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.	

Principal risk and impact	Mitigation of risk	Change
Taxation The Group operates globally and is exposed to international tax laws, operating in multiple jurisdictions, therefore increasing the complexity of maintaining local taxation compliance. Changes to taxation legislation may have an adverse impact on the working capital and profitability of the Group.	• The Group reviews local compliance and upcoming changes to legislation with its advisers and continues to update forecasts accordingly.	

Principal risk and impact	Mitigation of risk	Change
Foreign exchange risk The Group's international operations expose it to a number of risks that include the effect of changes in foreign currency exchange rates. A major proportion of the Group's receivables and payables is currently denominated in Canadian Dollars and US Dollars.	• The Group relies on a partial natural hedge of Canadian Dollar, US Dollar and Japanese Yen receivables being in the same currency as the local operation's payables. • The Group's working capital is forecast and monitored in the local currency of each subsidiary allowing the foreign currency exposure across the Group to be reviewed.	

Principal risk and impact	Mitigation of risk	Change
Financial reporting risk In preparing the financial statements, the Group makes accounting estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year. These judgements are detailed further in note 4 to the financial statements and include revenue recognition and treatment of product development costs.	• In forming our accounting judgements, management discuss estimates with internal experts within the IQGeo Group to ensure all relevant facts are understood. • The underlying fact pattern and conclusions reached in making accounting judgements are discussed in detail with the Audit Committee of the Group.	

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

Internal control

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

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

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

The strategic report was approved by the Board of Directors on 21 March 2022 and signed on its behalf by:

Haywood Chapman
Chief Financial Officer
21 March 2022

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

Experience
Paul spent over 21 years with AVEVA Group plc and was Group Finance Director from 2001 to 2012. Paul is a Fellow of the Chartered Association of Certified Accountants and was recipient of the FTSE 250 Finance Director of the Year in 2009. Paul was appointed to the IQGeo (then Ubisense) Board on 28 February 2012. 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.

Committees
N

Richard Petti
Chief Executive Officer

Experience
Richard brings 25 years of experience in developing market leading businesses for automotive, financial and industrial customers. He was previously CEO of Asset Control, a supplier of data management systems to leading financial institutions, and COO at WEMA, a leading provider of sensors to commercial vehicle manufacturers. Richard joined the IQGeo (then Ubisense) Board on 14 December 2017.

Other appointments
None.

Committees
N/A

Haywood Chapman
Chief Financial Officer

Experience
Haywood has over 15 years' experience in senior finance roles within high growth listed and PE backed organisations. He joined IQGeo from Castleton Technology PLC, a leading software and managed services provider to the social housing sector, where he was CFO from 2016 and led the business from a cash shell via ten acquisitions to a £26 million revenue, £6.3 million EBITDA company with 68% recurring revenue which was recently sold to TA backed MRI Software, returning more than 4x to initial investors.

Other appointments
None.

Committees
N/A

Dr. Robert Sansom
Non-Executive Director

Experience
Dr. Robert Sansom co-founded and was CTO of FORE Systems, acquired by Marconi for $4.5 billion in 1999. Robert joined the IQGeo (then Ubisense) Board on 16 December 2005. He co-founded and was Chairman of the Cambridge Angels from 2001 to 2011. Robert was elected as a Fellow of the Royal Academy of Engineers in 2012.

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

Committees
N *

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

Length of tenure

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

Ian Kershaw
Non-Executive Director

Experience

Ian has over 30 years' strategy, engineering and operations experience in the telecoms, utilities and manufacturing industries. He was appointed as a Non-Executive Director to the IQGeo (then Ubisense) Board on 23 May 2015. Previously, Ian was executive chairman of Coryton Advanced Fuels, the transport fuels specialists, and a director of Ricardo UK Ltd., the engineering consultants.

Other appointments

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

Committees

A R I

Max Royde
Non-Executive Director

Experience

Max co-founded Kestrel in 2011. 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.

Committees

R*

Andy MacLeod
Non-Executive Director

Experience

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

Other appointments

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

Committees

I N/A

Carolyn Rand
Non-Executive Director

Experience

Carolyn is a professional non-executive director with over 25 years' experience across public and private enterprises. She serves as a Strategic Advisor for AIM-quoted global technology business Bango plc where she previously held the office of CFO. Her current responsibilities include Audit Committee Member and Governor of the College of West Anglia and she is a Fellow of the Chartered Institute of Management Accountants having served as Regional Chair for over eight years. She stepped down as Chair for the Institute of Directors for Cambridgeshire in 2021. Throughout her career, Carolyn held executive positions within high-growth technology and scientific businesses including CFO of Zinwave, CEO of Isogenica, and COO of international NGO, Birdlife International.

Other appointments

None.

Committees

A* I

Corporate governance report

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

Our governance framework

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

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

Principle 1:	Establish a strategy and business model which promote long-term value for shareholders.	Read more on pages 16 to 19
Principle 2:	Seek to understand and meet shareholder needs and expectations.	Read more on page 26
Principle 3:	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Read more on pages 26 to 30
Principle 4:	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Read more on pages 38 to 41
Principle 5:	Maintain the Board as a well-functioning, balanced team led by the Chair.	Read more on page 45
Principle 6:	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	Read more on page 46
Principle 7:	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Read more on page 46
Principle 8:	Promote a corporate culture that is based on ethical values and behaviours.	Read more on page 47
Principle 9:	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Read more on page 47
Principle 10:	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	Read more on pages 26 and 27

Overview of the Board

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

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

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

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

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

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

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

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

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

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

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

The principal matters that it considers are as follows:

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

Corporate governance report continued

Overview of the Board continued

Eleven Board meetings were held in 2021.

Attendance at the meetings was as follows:

Total meetings attended

Paul Taylor	11 (11)
Richard Petti	11 (11)
Haywood Chapman	11 (11)
Robert Sansom	11 (11)
Ian Kershaw	11 (11)
Andy MacLeod	10 (11)
Max Royde	11 (11)
Carolyn Rand	6 (6)

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

Experience, skills and capabilities of the Board

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

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

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

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

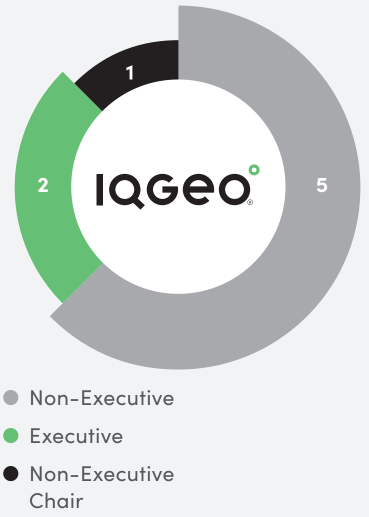
Evaluation of Board performance

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

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

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

Board composition



Length of tenure

Promotion of corporate culture

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

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

Appointed sub-committees

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

Board

Nomination Committee

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

Remuneration Committee

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

Audit Committee

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

Audit Committee report

> I am pleased to present my first report as Chair of the Audit Committee following my appointment in May 2021.
>
> **Carolyn Rand**
> **Chair of the Audit Committee**

A summary of Committee composition and attendance is as follows:

Audit Committee	
Carolyn Rand (Chair)	3 (3)
Paul Taylor (former Chair)	2 (2)
Ian Kershaw (Independent Director)	4 (4)

This report describes the composition of the Audit Committee (the 'Committee') along with the work undertaken and the significant issues it considered in 2021.

The Audit Committee consists of the Chair and an independent Non-Executive Director, who between them have a balance of financial experience and business knowledge across a broad range of industries and sectors. In May 2021, Paul Taylor, Chairman of IQGeo Group plc, stepped down from his duties as Audit Committee Chair, with Carolyn Rand being appointed as Chair. Ian Kershaw remained on the Committee as an Independent Director.

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

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

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

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

- Financial reporting
  - Monitor the integrity of the financial statements of the Group, reviewing any significant reporting issues and judgements they contain
  - Advise on the clarity of disclosure and information contained in the Annual Report and Accounts
  - Ensure compliance with applicable accounting standards and review the consistency of methodology applied

- External audit
  - Recommending appointment, re-appointment or removal of the external auditor
  - Oversee the relationship with the external auditor, reviewing performance and advising the Board members on their appointment and remuneration
  - Approving non-audit services provided by the external auditor
- Whistleblowing
  - Review of the Group's whistleblowing policies and procedures
- Internal control
  - Review management's and the internal auditor's report on the effectiveness of systems for internal financial control, financial reporting and risk management; together with monitoring management's responsiveness to their findings

Activities of the Committee during the year

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

- Accounting policies applied in respect of the acquisition of OSPInsight International Inc. within the 2020 Annual Report and subsequent measurement of deferred and contingent liabilities
- 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 2021 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

> The Committee continues to focus on ensuring that Executive remuneration supports the achievement of the Group's strategy.
>
> **Max Royde**
> **Chair of the Remuneration Committee**

A summary of Committee composition and attendance is as follows:

Remuneration Committee	
Max Royde (Chair)	2 (2)
Ian Kershaw	2 (2)

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.

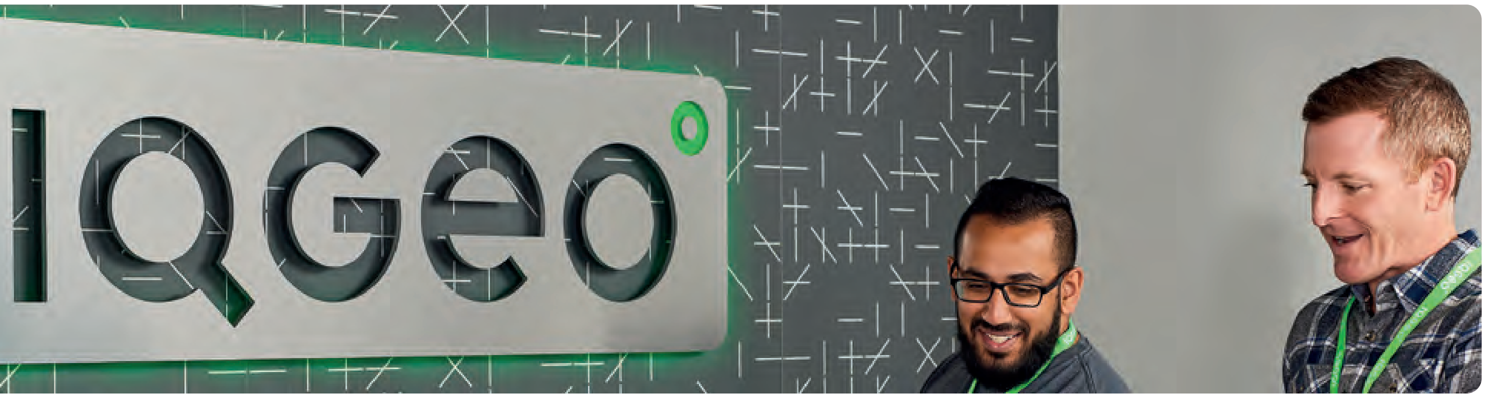
The Remuneration Committee comprises of Max Royde and Ian Kershaw, who are Non-Executive Directors of the Company.

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	2021 total excluding pensions £'000	Pensions £'000	**Total 2021 £'000**	Total 2020 £'000
Richard Petti[1]	234	4	120	358	5	**363**	343
Tim Gingell[2]	—	—	—	—	—	**—**	84
Haywood Chapman[3]	180	4	68	252	10	**262**	83
Executive Directors	414	8	188	610	15	**625**	510
Paul Taylor[4]	84	—	—	84	—	**84**	80
Robert Sansom[5]	—	—	—	—	—	**—**	—
Ian Kershaw	31	—	—	31	—	**31**	20
Andy MacLeod[7]	33	—	—	33	—	**33**	25
Max Royde[6]	31	—	—	31	—	**31**	20
Carolyn Rand[8]	21	—	—	21	—	**21**	—
Non-Executive Directors	200	—	—	200	—	**200**	145
Total	614	8	188	810	15	**825**	655

1. Richard Petti is entitled to a performance-related bonus of up to £150,000 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 £85,000 effective 1 April 2021 (2020: £80,000).
5. Robert Sansom has waived his entitlement to annual remuneration of £35,000 (2020: £25,000 waived).
6. Max Royde was appointed Non-Executive Director of the Company on 31 October 2019. The annual remuneration of the appointment is £35,000 effective 1 April 2021 (2020: £20,000).
7. Andy MacLeod was appointed Non-Executive Director of the Company on 21 June 2019. The annual remuneration of the appointment is £35,000 effective 1 April 2021 (2020: £25,000).
8. Carolyn Rand was appointed Non-Executive Director of the Company on 26 May 2021. The annual remuneration of the appointment is £30,000 with an additional £5,000 per annum whilst Chair of the Audit Committee.

Share options

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

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

On 15 June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to 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 during 2020 to the Directors with varying exercise prices as set out below. A further 330,000 options of two pence each were granted to the Directors during 2021 under the same scheme. 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 2021 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	**Awards outstanding at 31 December 2021 Number**	**Awards exercisable at 31 December 2021 Number**
Richard Petti	2020	2023	2030	0.460	1,600,000	—	—	—	**1,600,000**	**533,333**
Richard Petti	2021	2024	2031	1.050	—	150,000	—	—	**150,000**	**—**
Paul Taylor	2020	2023	2030	0.460	121,000	—	—	—	**121,000**	**40,333**
Haywood Chapman	2020	2023	2030	0.675	500,000	—	—	—	**500,000**	**166,666**
Haywood Chapman	2021	2024	2031	1.050	—	180,000	—	—	**180,000**	**—**
Total					2,221,000	330,000	—	—	**2,551,000**	**740,332**

Nomination Committee report

> The Nomination Committee recommends to the Board new Board appointments and considers succession plans at Board level.
>
> **Robert Sansom**
> **Chair of the Nomination Committee**

A summary of Committee composition and attendance is as follows:

Nomination Committee	
Robert Sansom (Chair)	3 (3)
Paul Taylor	3 (3)

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

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

The Nomination Committee has responsibility for the following matters:

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

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

During 2020, it was identified that the Board composition would be enhanced by the addition of an independent Non-Executive Director who could chair the Audit Committee. Accordingly, during 2021 the recruitment process was initiated for a candidate with appropriate public market financial experience. Following an extensive search for the right candidate, the Board was extremely pleased to appoint Carolyn Rand to the Board and as Chair of the Audit Committee in May 2021.

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 2021. The corporate governance report set out on pages 44 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.

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 34 to 37. A detailed review of the business, its results and future direction is included in the Non-Executive Chair's statement on pages 8 and 9.

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 for 2020 but the 2021 financial results reflect a full year of trading of the acquired business.

Capital structure

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

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

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

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

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

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

During December 2021 the Group issued 173,446 ordinary shares to the sellers of OSPI as part payment of deferred acquisition consideration and in the same month issued 29,998 ordinary shares on exercise of employee share options which were granted in 2020.

As at 31 December 2021, the Company had 57,515,696 ordinary shares in issue.

Substantial shareholdings

As at 21 March 2022, the Company had been notified of the following significant interests in its ordinary share capital:

	Total holding number	% of issued share capital
Kestrel Partners	15,251,976	26.5
Columbia Threadneedle Investments	10,356,837	18.0
Canaccord Genuity Group Inc	7,470,586	13.0
Robert Sansom	4,216,329	7.3
NFU Mutual Insurance Society Ltd	2,658,457	4.6
Janus Henderson Investors	1,791,378	3.1

Directors

The Directors serving at 31 December 2021 were as follows:

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

Board changes

Carolyn Rand was appointed to the Board on 26 May 2021 as a Non-Executive Director.

Directors' interests – shares

Directors' interests in the ordinary shares of IQGeo Group plc at 31 December 2021 were as follows:

	2021 number	2020 number
Paul Taylor	**255,562**	255,562
Richard Petti	**205,077**	197,764
Haywood Chapman	**131,228**	102,564
Robert Sansom	**4,216,329**	4,216,329
Ian Kershaw	**59,418**	38,231
Andrew MacLeod	**64,103**	64,103
Total	**4,931,717**	4,874,553

Max Royde has no direct interest in the ordinary shares of IQGeo Group plc but is a partner with the significant shareholder Kestrel Partners. Ian Kershaw acquired 13,600 shares at a price of 102.94 pence on 18 January 2021 and an additional 7,587 shares at a price of 131.80 pence on 20 December 2021. Richard Petti acquired 7,588 shares at a price of 132.31 pence on 3 December 2021. Haywood Chapman acquired 28,664 shares at a price of 125.58 pence on 30 June 2021.

There has been no change in the Directors' interests set out above between 31 December 2021 and 21 March 2022.

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 25 to the financial statements provides further details in respect of credit risk, market risk and liquidity risk.

Research and development

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

Going concern review

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

Post-balance sheet events

There are no post-balance sheet events to report.

Future developments in the business

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

Dividends

The Directors do not recommend payment of a dividend for the year (2020: £nil).

Disclosure of information to auditor

Each of the Directors confirms that:

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

Auditor

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

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

Haywood Chapman
Chief Financial Officer and Company Secretary
21 March 2022

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 2021, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Company balance sheet, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included reviewing management's base case cash flow forecasts covering the period to 31 March 2023, challenging the underlying assumptions used in the forecasts. We obtained management's sensitivity analysis to evaluate the impact and availability of mitigating actions. Our assessment also included a review of the accuracy of management's past forecasting and an assessment of the adequacy of related disclosures within the annual report.

Conclusions relating to going concern continued

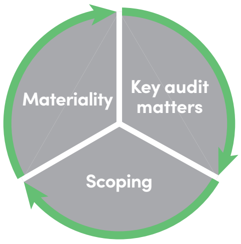
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related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

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



Overview of our audit approach

Overall materiality:

Group: £277,000, which represents 2% of the group's total revenue.

Parent company: £152,000, which represents 1% of the parent company's total assets, restricted to 55% of Group materiality.

Key audit matters were identified as

- improper recognition of revenue due to fraud (same as previous year);
- capitalisation of development costs may not be appropriate (same as previous year);
- carrying value of capitalised development costs may not be appropriate (same as previous year); and
- recoverable value of investments and amounts due from subsidiary undertakings – Parent company only (same as previous year)

Our auditor's report for the year ended 31 December 2020 included 2 key audit matters that have not been reported as key audit matters in our current year's report. These relate to the going concern basis of accounting and valuation of acquired intangible assets.

Based on our going concern assessment, we concluded that the Group has resources (cash and other liquid assets) to operate as going concern for the period until the 31 March 2023. Further, the group has no external commitments which warrant going concern being a significant risk. 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.

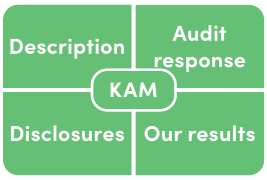
Valuation of acquired intangible assets was not considered a key audit matter for the current year, as this risk related to the fair value of intangible assets recognised as part of the acquisition of OSPInsight International Inc in the previous year.

We performed an audit of the financial information of the components using component materiality (full-scope audit) for the parent company, IQGeo Group plc and its subsidiaires namely IQGeo UK Limited, IQGeo America Inc, and IQGeo Solutions Canada Inc.

We have performed specified audit procedures (an audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the Group financial statements) on the financial information were performed for IQGeo Japan KK;

We have performed analytical procedures on IQGeo Germany GmbH and other subsidiaries within the group.

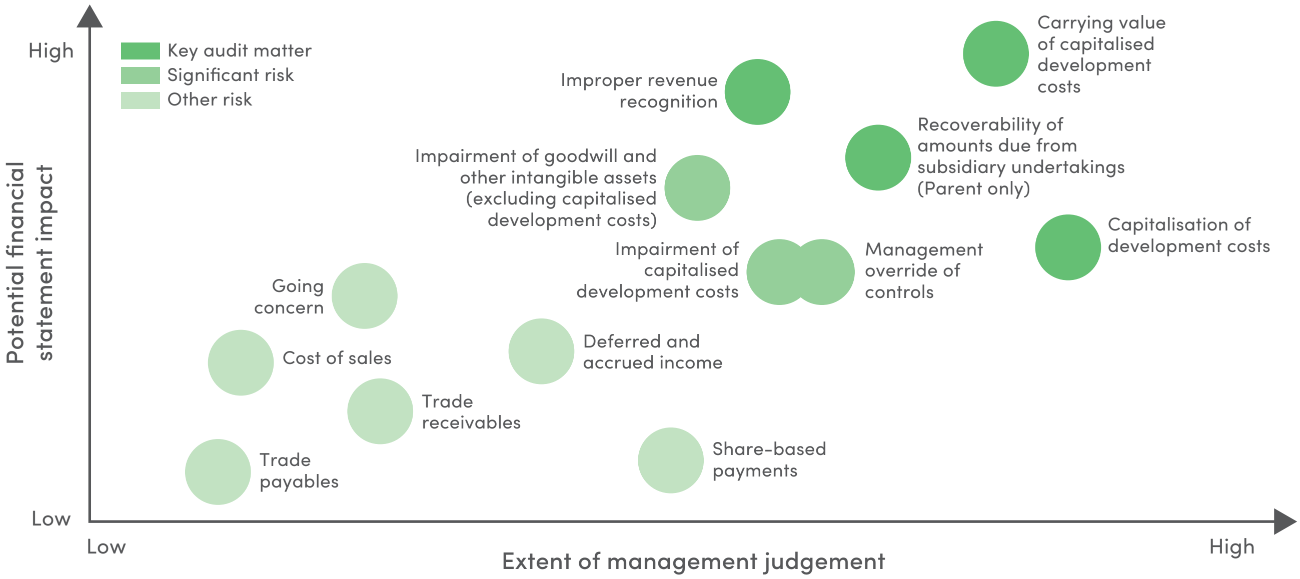
There are no key changes in the scope of the audit from the prior year.



Key audit matters

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

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



Key audit 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 £13.9m (2020: £9.2m). The nature of the Group's revenue includes sales of software, maintenance and support, software subscription, labour and installation services. The group's revenue is material to the financial statements and comprises multiple distinct performance obligations which brings complexity to how revenue is recognised. Revenue recognition is dependent upon 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 2021** 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 the following audit procedures: • performed a walkthrough of revenue transactions in order to identify whether controls have been designed and implemented effectively • assessing revenue recognition policies for consistency and compliance with IFRS 15 'Revenue from Contracts with Customers'; • performing analytical procedures over revenue disaggregated by revenue stream and month by identifying key movements and significant transactions which have occurred in the year and 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 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 agreeing to invoices and other supporting documentation. • Perform unpredictable procedures on revenue cut off, deferred and accrued income. **Our results** Based on our audit work, we have not identified any material misstatements in the occurrence of revenue recognised during the year or any instances of revenue not being recognised in accordance with stated accounting policies.
Risk 2 Capitalisation of product development costs may not be appropriate We identified capitalisation of product development costs as one of the significant assessed risks of material misstatement due to error. During the year, the group capitalised £1.9m (2020: £1.3m) 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 2021** 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: • performed a walkthrough test over the capitalisation of development costs and evaluated the design effectiveness of relevant controls. • 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 management's 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 and their year end valuation are appropriate.

Key Audit Matter – Group

Risk 3 Carrying value of capitalised development costs may not be appropriate

We identified the impairment of capitalised development costs as one of the 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 £2.5m (2020: £1.8m). 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 2021

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 note 13 Intangible assets.

How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- performed a walkthrough test over management's impairment review and evaluated the design effectiveness of relevant controls.
- obtaining management's impairment indicator review and challenging their assessment over the existence of any impairment indicators.
- when indicators exist, obtained the impairment assessments prepared by management.
- challenging management's assumptions regarding future revenue generation;
- assessing forecast income by agreeing amounts to subscription agreements or maintenance and support renewal terms;
- comparing projects against which amounts are capitalised to net present value calculations prepared by management, based on contractual and expected renewal revenue;
- 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.
- performing additional sensitivity analysis relating to the valuation of intangible assets, specifically around the discount rate; and
- 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;

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.

Key Audit Matter – Parent company

Risk 1 Recoverable value of investment in and 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.

This is as a result of the management judgement necessary to conclude whether a provision is required. IQGeo Group plc holds investments in subsidiaries of £1.7m (2020: £1.3m) and has £36.3m (2020: £24.7m) due from subsidiary undertakings. The subsidiaries are not all generating profit and cash inflows from operations in the current year. There is a risk that the investments made and amounts due from subsidiary undertakings may not be recoverable.

Relevant disclosures in the Annual Report and Accounts 2021

The parent company's accounting policy for impairment of investments and 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. Related disclosures relating the recoverability of these amounts are included in the note 3 and 4 of the parent company financial statements.

How our scope addressed the matter– Parent company

In responding to the key audit matter, we performed the following audit procedures:

- performed a walkthrough test over management's impairment review and evaluated the design effectiveness of relevant controls.
- obtaining an understanding of how management have evaluated the recoverable amounts of intercompany debtors through cash settlement and net present value calculations;
- obtaining management's impairment indicator review of investments in subsidiaries and intercompany balances and challenging management's assessment over the existence of any impairment indicators;
- 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 investment in subsidiaries and amounts due from subsidiary undertakings was appropriate.

Our application of materiality

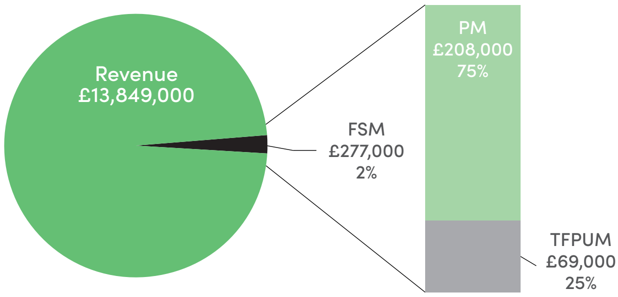
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

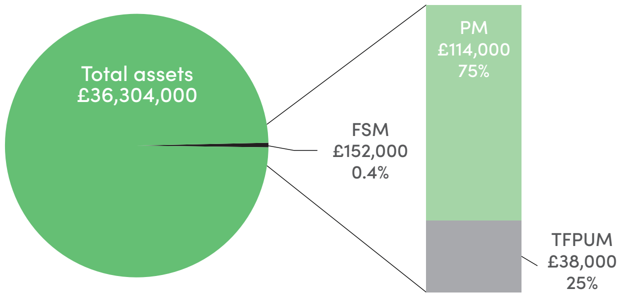
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£277,000, which is 2% of group's revenue for the year.	£152,000, which was determined by reference to a benchmark of 1% of Total assets of the Parent company as at the year end, restricted to 55% of Group materiality.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements We selected revenue as the benchmark for the current year opposed to loss before tax as it is less volatile and reflective of the activity levels and scale of the Group's business. Revenue is also a key performance measure for the Group and is therefore of most interest to stakeholders. We used 2% as an appropriate benchmark percentage as the Group has no debt and the business is relatively stable. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect increase in the activity level and scale of operations during the current year.	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 reduced level of the group materiality cap assigned to the parent company compared to the prior year.
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	£208,000, which is 75% of financial statement materiality.	£114,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the significant judgement of setting it at 75% as an appropriate threshold based on our experience with auditing the financial statements of the group and the parent company in prior years noting that there were no material adjustments identified in the 2020 audit.	
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' remunerations 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	£13,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,600 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; and
- The group finance function is based at the Group's head office in Cambridge, UK, which provides accounting and administrative support for the Group's operations
- The group has centralised processes and controls over the key areas of audit focus. Group management are responsible for all judgemental processes and significant risk areas.

Identifying significant components

- We considered the size and risk profile of each component, any changes in the business and other factors when determining the level of work to be performed on the financial information of each component. Financial significance of each component was determined based on the percentage of the Group's total assets, revenues and loss before tax.
- In assessing the risk of material misstatement to the group financial statements we assessed the significance of each component and determined the planned audit response based on a measure of materiality assigned the components.

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 focusing on the key audit matter using parent company materiality.
- Audits of the financial information of the component using component materiality ("Full scope audits"), were performed on the following entities in the Group: IQGeo UK Limited, IQGeo America Inc, and IQGeo Solutions Canada Inc;
- Specified audit procedures were performed on the financial information of the components, IQGeo Japan KK;
- Analytical procedures were performed for IQGeo Germany GmbH and all other subsidiaries; and
- Our audit approach in the current year is consistent with the audit approach adopted for the year ended 31 December 2020 being substantive in nature.

Performance of our audit

- As documented above, the Group has a centralised finance function based at the Group's head office in Cambridge, UK. All procedures were performed by the Group engagement team, there are no component auditors.
- The total percentage coverage of full-scope audit and specified audit procedures over the Group's revenue was 98%;
- The total percentage coverage of full scope audit and specified audit procedures over the Group's total assets was 96%; and
- The majority of the audit work was performed remotely given the health and safety concerns arising from Covid-19

Changes in approach from previous period

- There has been no change in our assessment of scoping the group and the parent company audits from the prior year.

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 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
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- 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; 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;
- 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.

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

21 March 2022

Consolidated income statement
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	5	**13,849**	9,155
Cost of revenue		**(5,052)**	(4,409)
Gross profit		**8,797**	4,746
Operating expenses		**(11,371)**	(9,074)
Operating loss		**(2,574)**	(4,328)
Analysed as:			
Gross profit		**8,797**	4,746
Other operating expenses		**(9,626)**	(7,241)
Adjusted EBITDA		**(829)**	(2,495)
Depreciation	14,15	**(315)**	(369)
Amortisation and impairment of intangible assets	13	**(1,656)**	(1,002)
Share option expense		**(282)**	(130)
Unrealised foreign exchange losses on intercompany trading balances		**(42)**	(43)
Non-recurring items	10	**550**	(289)
Operating loss		**(2,574)**	(4,328)
Finance income	9	**7**	7
Finance costs	9	**(174)**	(105)
Loss before tax		**(2,741)**	(4,426)
Income tax	11	**812**	315
Loss for the year		**(1,929)**	(4,111)
Earnings/(Loss) per share			
Basic	12	**(3.4p)**	(8.2p)
Diluted	12	**(3.4p)**	(8.2p)

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the year	**(1,929)**	(4,111)
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	**170**	80
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	**(1,759)**	(3,531)

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Ordinary share capital £'000	Share premium £'000	Share based payment reserve £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020 as previously reported	990	17,454	632	476	–	(1,866)	(2,114)	15,572
Restatement in respect of deferred tax asset	–	–	–	–	–	–	285	285
Balance at 1 January 2020 restated	990	17,454	632	476	–	(1,866)	(1,829)	15,857
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 restated	1,146	22,494	190	476	739	(1,786)	(4,868)	18,391
Balance at 31 December 2020 as previously reported	1,146	22,494	190	476	739	(1,786)	(5,153)	18,106
Restatement in respect of deferred tax asset	–	–	–	–	–	–	285	285
Balance at 31 December 2020 restated	1,146	22,494	190	476	739	(1,786)	(4,868)	18,391
Loss for the year	–	–	–	–	–	–	(1,929)	(1,929)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	–	–	–	–	–	170	–	170
Total comprehensive loss for the year	–	–	–	–	–	170	(1,929)	(1,759)
Issue of shares – acquisition	3	–	–	–	220	–	–	223
Exercise of share options	1	13	(6)	–	–	–	6	14
Lapse of share options	–	–	(12)	–	–	–	12	–
Equity-settled share-based payment	–	–	282	–	–	–	–	282
Transactions with owners	4	13	264	–	220	–	18	519
Balance at 31 December 2021	**1,150**	**22,507**	**454**	**476**	**959**	**(1,616)**	**(6,779)**	**17,151**

Restatement in respect of deferred tax asset

When IQGeo Group plc listed in 2011 an adjustment was made to the consolidated statement of financial position to recognise a deferred tax liability in respect of capitalised research and development costs. In recognising the deferred tax liability, an equal and opposite deferred tax asset should have been recognised to fully offset that deferred tax liability, reducing the net deferred tax position to £Nil.

The restatement of the 2019 closing position within the consolidated statement of changes of equity, reflects the recognition of a deferred tax asset of £285,000 which would fully offset the value of the deferred tax liability recognised within the consolidated statement of financial position as previously reported.

The effect of the error was to understate the net asset position reported within the consolidated statement of financial position by £285,000 as at 31 December 2019.

Consolidated statement of financial position
for the year ended 31 December 2021

	Notes	2021 £'000	2020 restated £'000	2019 restated £'000
Assets				
Non-current assets				
Intangible assets	13	**9,207**	8,902	1,596
Property, plant and equipment	14	**167**	167	86
Right-of-use assets	15	**1,336**	1,567	73
Investments		**—**	—	2,000
Total non-current assets		**10,710**	10,636	3,755
Current assets				
Trade and other receivables	16	**5,025**	2,850	2,353
Corporation tax receivable		**176**	413	16
Asset held for sale	7	**—**	2,500	—
Cash and cash equivalents	17	**11,499**	11,078	13,053
Total current assets		**16,700**	16,841	15,422
Total assets		**27,410**	27,477	19,177
Liabilities				
Current liabilities				
Trade and other payables	18	**(8,579)**	(5,828)	(3,241)
Bank loans payable	19	**—**	(167)	—
Lease obligation	20	**(246)**	(208)	(79)
Total current liabilities		**(8,825)**	(6,203)	(3,320)
Non-current liabilities				
Deferred tax	11	**—**	(66)	—
Trade and other payables	18	**—**	(746)	—
Bank loans	19	**—**	(433)	—
Lease obligation	20	**(1,434)**	(1,638)	—
Total non-current liabilities		**(1,434)**	(2,883)	—
Total liabilities		**(10,259)**	(9,086)	(3,320)
Net assets		**17,151**	18,391	15,857
Equity attributable to owners of the Company				
Ordinary share capital	21	**1,150**	1,146	990
Share premium	21	**22,507**	22,494	17,454
Share-based payment reserve		**454**	190	632
Capital redemption reserve		**476**	476	476
Merger relief reserve		**959**	739	—
Translation reserve		**(1,616)**	(1,786)	(1,866)
Retained earnings		**(6,779)**	(4,868)	(1,829)
Equity attributable to shareholders of the Company		**17,151**	18,391	15,857

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2022 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 2021

	Notes	2021 £'000	2020 £'000
Loss before tax from operating activities		**(2,741)**	(4,426)
Adjustments for:			
Depreciation	14, 15	**315**	369
Amortisation	13	**1,656**	1,002
Unrealised foreign exchange losses on intercompany trading balances		**42**	43
Forgiveness of bank loan		**(592)**	–
Share-based payment charge		**282**	130
Finance income	9	**(7)**	(7)
Finance costs	9	**174**	105
Operating cash flows before working capital movement		**(871)**	(2,784)
Change in receivables		**(2,175)**	190
Change in payables		**2,807**	295
Cash used in operations before tax		**(239)**	(2,299)
Net income taxes received/(paid)		**984**	(17)
Net cash flows from/(used in) operating activities		**745**	(2,316)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(72)**	(165)
Expenditure on intangible assets		**(1,907)**	(1,307)
Cash received on sale of the RTLS SmartSpace business unit	7	**2,500**	–
Acquisition of subsidiaries, net of cash acquired	6	**(580)**	(3,990)
Interest received		**7**	7
Net cash flows used in investing activities		**(52)**	(5,455)
Cash flows from financing activities			
Borrowings		**–**	662
Payment of lease liability		**(269)**	(78)
Proceeds from the issue of ordinary share capital		**14**	5,178
Net cash flows (used in)/from financing activities		**(255)**	5,762
Net increase/(decrease) in cash and cash equivalents		**438**	(2,009)
Cash and cash equivalents at start of period		**11,078**	13,053
Exchange differences on cash and cash equivalents		**(17)**	34
Cash and cash equivalents at end of period	17	**11,499**	11,078

Notes to the consolidated financial statements

for the year ended 31 December 2021

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 2021, was 129.0 pence per share (31 December 2020: 96.0 pence).

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 21 March 2022.

2 New accounting standards

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

The accounting policies used are the same as set out in detail in the Annual Report and Accounts 2020 and have been applied consistently to all periods presented in the financial statements.

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

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

Standards and interpretations not yet applied by the Group

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

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

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

3 Summary of significant accounting policies

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

Basis of preparation

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

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

Going concern basis

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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 £11.5 million as at 31 December 2021 and sufficient working capital to continue operations. Management have also prepared analysis to support that even in the event of a significant downturn in performance, cash reserves are sufficient to continue trading.

The Group's forecasts and projections to 31 March 2023, 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.

Foreign currencies

a. Functional and presentation currency

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

b. Transactions and balances

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

c. Consolidation

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

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

Business reporting

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

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

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

Revenue recognition

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

Perpetual software

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

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

Recurring IQGeo Product revenue – maintenance and support

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

Recurring IQGeo Product revenue – subscription

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

Services

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

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

Timing of payment

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

Employee benefits

a. Retirement benefits

The Group operates various defined contribution pension arrangements for its employees.

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

b. Share-based payments

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

Non-recurring items

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

Interest income and expense

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

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.

Costs relating to ongoing obligations of customer contracts are expensed.

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

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

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

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

Other intangible assets

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

Impairment of non-financial assets

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

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

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

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.

3 Summary of significant accounting policies continued

Financial instruments continued

Subsequent measurement of financial assets continued

Financial assets at amortised cost continued

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

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

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

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

Investments

As part of the sale transaction of the RTLS business unit on 31 December 2018, the Group held 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. This asset was classified as an asset held for sale in the consolidated statement of financial position as at 31 December 2020. The asset was subsequently disposed of during 2021.

Trade receivables

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

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

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

Classification and measurement of financial liabilities

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

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

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

Trade payables

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

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

Cash and cash equivalents

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

Borrowings

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

Share capital and share premium

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

Share-based payment reserve

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

Capital redemption reserve

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

Merger relief reserve

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

Translation reserve

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

Retained earnings

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

4 Critical accounting judgements and key sources of estimation and uncertainty

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

Significant management judgements

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

Capitalisation of development costs

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical and commercial feasibility is demonstrable. The carrying amount of capitalised development costs at 31 December 2021 is £2.5 million (2020: £1.8 million). After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Revenue recognition

Significant management judgement is applied in determining the distinct performance obligations included within contracts involving multiple deliverables. In particular, where additional services are sold alongside perpetual licence sales, management must make an assessment if contracts include performance obligations which would result in software being customised or altered, prior to reaching a conclusion as to whether the software can or cannot be considered distinct from the labour service.

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.

Estimating uncertainty

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

Amortisation and impairment of development costs

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

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

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.

5 Business information

5.1 Operating segments

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

The business delivers software solutions that integrate data from any source – geographic, real-time asset, GPS, location, corporate and external cloud-based sources – into a live geospatial common operating picture, empowering all users in the customer's organisation to access, input and analyse operational intelligence to proactively manage their networks, respond quickly to emergency events and effectively manage day-to-day operations. These geospatial operations are reported to the CODM as a single operating segment.

5.2 Revenue by type

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

Revenue by stream	**2021 £'000**	**% of total revenue**	2020 £'000	% of total revenue	Year-on-year growth
Subscription	**3,964**	**29%**	1,860	20%	113%
Maintenance and support	**1,787**	**13%**	1,335	15%	34%
Recurring IQGeo product revenue	**5,751**	**42%**	3,195	35%	80%
Perpetual Software	**2,011**	**15%**	299	3%	573%
Services	**5,089**	**36%**	3,846	42%	32%
Non-recurring IQGeo product revenue	**7,100**	**51%**	4,145	45%	71%
Total IQGeo product revenue	**12,851**	**93%**	7,340	80%	75%
Geospatial services from third party products	**998**	**7%**	1,815	20%	(45)%
Total revenue	**13,849**	**100%**	9,155	100%	51%

5.3 Geographical areas

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

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

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

	Revenue		Non-current assets	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
UK	**278**	316	**2,575**	1,927
Europe	**275**	146	**—**	—
USA	**9,211**	5,990	**8,129**	8,705
Canada	**2,297**	1,233	**1**	2
Japan	**1,556**	1,437	**5**	2
Rest of World	**232**	33	**—**	—
	13,849	9,155	**10,710**	10,636

2021 revenues include £2.8 million from income deferred at the beginning of the period (2020: £1.1 million) relating to performance obligations satisfied over time.

5.4 Information about major customers

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

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.

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.

Consideration transferred

The acquisition of OSPI was settled in December 2020 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 acquisition included deferred consideration which was satisfied in December 2021 by cash payment of £580,000 and the issue of 173,446 ordinary 2p shares of IQGeo Group plc.

The purchase agreement included an additional consideration of up to £796,000 subject to achievement of defined levels of recurring revenue invoicing and subsequent cash collection of those invoices during the year ended 31 December 2021. Management anticipate this earn out will be settled in full with amounts payable during the first half of 2022.

Deferred and contingent consideration were discounted on recognition in 2020 with £86,000 recognised as an interest expense during the year.

OSPI's contribution to the Group results

During the year ended 31 December 2021, OSPI contributed £2,988,000 of revenue and £407,000 of profit to the consolidated income statement.

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

7 Asset held for sale

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 in Abyssinian Topco Limited. Abyssinian Topco Limited is a UK registered company (company number 11649721) and is the ultimate UK parent company of Ubisense Limited which, along with its subsidiary companies, comprise the former RTLS SmartSpace business unit.

On 29 December 2020, the Group entered into an agreement to sell its shares in Abyssinian Topco Limited, with the sale completing during January 2021 for a consideration of £2.5 million. Any adjustments to the value of the asset prior to disposal were recognised as fair value through other comprehensive income (FVOCI), resulting in no gain or loss being recorded in the consolidated income statement.

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	**2021 Number**	2020 Number	**2021 Number**	2020 Number
Technical consultants	**34**	36	**34**	24
Sales & marketing	**35**	29	**33**	19
Research & development	**21**	20	**23**	15
Administration	**12**	11	**11**	10
	102	96	**101**	68

By geography	**2021 Number**	2020 Number	**2021 Number**	2020 Number
United Kingdom	**22**	18	**21**	16
Europe	**2**	2	**3**	3
North America	**74**	72	**73**	46
Asia	**4**	4	**4**	3
	102	96	**101**	68

8 Employee information continued

8.2 Employee benefits

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

	2021 £'000	2020 £'000
Wages and salaries	**10,694**	8,169
Social security costs	**700**	638
Contributions to defined contribution pension arrangements	**465**	340
Share-based payments	**282**	130
Total aggregate employee benefits	**12,141**	9,277

9 Finance income and costs

	2021 £'000	2020 £'000
Interest income from cash and cash equivalents	**7**	7
Finance income	**7**	7
Bank loan interest	**—**	(8)
Interest expense for lease arrangements	**(88)**	(97)
Interest expense for deferred and contingent consideration	**(86)**	—
Finance costs	**(174)**	(105)
Net finance costs	**(167)**	(98)

10 Loss before tax: analysis of expenses by nature

10.1 Expenses by nature

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

	Notes	2021 £'000	2020 £'000
Amortisation of capitalised development and software costs	13	**1,267**	1,002
Amortisation and impairment of acquired intangible assets	13	**389**	—
Depreciation of owned property, plant and equipment	14	**73**	68
Depreciation of right-of-use assets	15	**242**	301
Lease rental charges – land and buildings	20	**248**	242
Research & development costs expensed		**584**	320
Net foreign currency expense/(gains)		**40**	(14)
Unrealised foreign exchange losses on intercompany trading balances		**42**	43
Non-recurring items (credit)/expense	10.2	**(550)**	289

10.2 Non-recurring items

	2021 £'000	2020 £'000
Waiver of loan	**592**	—
Acquisition costs	**(42)**	(289)
Total non-recurring items	**550**	(289)

Waiver of loan

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

Acquisition costs

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

10.3 Auditor's remuneration

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

	2021 £'000	2020 £'000
Fees payable to the Group's auditor for the audit of:		
Parent Company and consolidated financial statements	**91**	85
Financial statements of subsidiaries, pursuant to legislation	**12**	12
Total audit fees	**103**	97
Fees payable to the Group's auditor for other services:		
Tax advisory	**28**	43
Audit-related assurance services	**16**	16
Tax compliance services	**26**	6
Total non-audit fees	**70**	65
Total auditor's remuneration	**173**	162

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

11 Income tax

11.1 Income tax recognised in the consolidated income statement

	2021 £'000	2020 £'000
Current tax		
Corporation tax	**(746)**	(399)
Adjustment in respect of prior year	**(2)**	18
Foreign tax	**2**	–
Total current tax credit	**(746)**	(381)
Deferred tax		
Origination and reversal of temporary differences	**(66)**	66
Total deferred tax charge	**(66)**	66
Total income tax credit for the year	**(812)**	(315)

The tax credit differs from the standard rate of corporation tax in the UK for the year of 19% (2020: 19%) for the following reasons:

	2021 £'000	2020 £'000
Loss before tax	**(2,741)**	(4,426)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(521)**	(841)
Tax effects of:		
Expenses not deductible for tax purposes	**382**	318
Income not chargeable for tax purposes	**(112)**	–
Additional overseas tax deduction	**(28)**	(162)
Utilisation of previously unrecognised tax losses	**(364)**	–
Unrecognised deferred tax movements	**435**	806
Tax unprovided/(overprovided) in prior years	**(2)**	18
Research & development tax credits – prior years	**(570)**	(399)
Difference on tax treatment of share options – unrecognised	**54**	25
Differential on overseas tax rates	**(86)**	(80)
Total income tax debit/(credit)	**(812)**	(315)

11 Income tax continued

11.1 Income tax recognised in the consolidated income statement continued

During the current and prior year IQGeo UK Limited has submitted claims for UK Research & Development tax credit relief ("R&D tax claim") under the HMRC SME scheme. IQGeo UK Limited submitted its first claim during 2020 in respect of the 2019 financial year. IQGeo elected to receive a cash refund for this claim and the funds were received during 2021. As at 31 December 2020, the Group financial statements reflected an asset for the cash amount received in respect of the 2019 financial year, as the claim had been accepted and paid at the point the 2020 financial statements were issued. Due to the significant risk and uncertainty in respect of acceptance of an R&D tax claim by HMRC, no additional asset was recognised as at 31 December 2020 to reflect a potential future claim in respect of the 2020 financial year. As the claim is now more established, the 2021 consolidated income statement reflects both the tax credit for the 2020 financial year and an additional estimate for a claim which will be submitted during 2022 in respect of the 2021 financial year.

11.2 Factors that may affect future tax charges

The Group has tax losses of £18.0 million (2020: £17.5 million restated) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries whose future taxable profits are uncertain. No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries, because the earnings are continually reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

The deferred tax balances have been measured at 25%, based on the expected UK tax rate as at April 2023 (2020: 19%).

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	
	2021 £'000	2020 restated £'000	**2021 £'000**	2020 £'000
At 1 January	**285**	285	**(351)**	(285)
Deferred tax charged to the income statement	**345**	–	**(279)**	(66)
At 31 December	**630**	285	**(630)**	(351)

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

	2021 £'000	2020 restated £'000
Deferred tax liability on development costs capitalised	**(630)**	(351)
Deferred tax asset on losses	**630**	285
Total net deferred tax liabilities	**–**	(66)

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

	2021 £'000	2020 restated £'000
Tax losses carried forward	**4,062**	3,416
Equity-settled share options temporary differences	**230**	18
Total unrecognised deferred tax assets	**4,292**	3,434

12 Earnings/(Loss) per share (EPS)

	2021	2020
Earnings attributable to ordinary shareholders		
Loss from operations (£'000)	**(1,929)**	(4,111)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS ('000)	**57,314**	50,195
Effect of dilutive potential ordinary shares:		
– Share options ('000)	**2,416**	1,002
Weighted average number of ordinary shares for the purposes of diluted EPS ('000)	**59,730**	51,197
EPS		
Basic and diluted EPS (pence)	**(3.4)**	(8.2)

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 EPS since their conversion to ordinary shares does not decrease earnings per share or increase loss per share.

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

	Notes	2021	2020
Earnings for the purposes of diluted EPS, being net loss attributable to equity holders of the parent company (£'000)		**(1,929)**	(4,111)
Adjustments:			
Amortisation and impairment of acquired intangible assets (£'000)		**389**	–
Reversal of share-based payments charge (£'000)		**282**	130
Unrealised foreign exchange gains/(losses) on intercompany trading balances (£'000)		**42**	43
Reversal of non-recurring items (£'000)	10	**(550)**	289
Net adjustments (£'000)		**163**	462
Adjusted earnings (£'000)		**(1,766)**	(3,649)
Adjusted diluted EPS (pence)		**(3.1)**	(7.3)

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

13 Intangible assets

	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 2020	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
Additions	—	—	—	—	1,905	2	1,907
Effect of movements in exchange rates	35	21	4	1	—	—	61
At 31 December 2021	**7,408**	**2,093**	**474**	**57**	**10,731**	**128**	**20,891**
Accumulated amortisation							
At 1 January 2020	(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)
Charge for the year	—	(206)	(155)	(28)	(1,225)	(42)	(1,656)
Effect of movements in exchange rates	—	(3)	(3)	(1)	—	—	(7)
At 31 December 2021	**(2,970)**	**(209)**	**(158)**	**(29)**	**(8,208)**	**(110)**	**(11,684)**
Net book amount							
At 31 December 2021	**4,438**	**1,884**	**316**	**28**	**2,523**	**18**	**9,207**
At 31 December 2020	4,403	2,072	470	56	1,843	58	8,902

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.

Management have undertaken a detailed review of the future cash flows which are anticipated to be generated from the OSPI business acquired and following a successful integration during 2021, and the continued expectation of growth, management have concluded that no impairment is required to Goodwill as at 31 December 2021. Management have projected cash flows to 2026 and then applied a terminal growth rate of 1% to future periods. The key underlying assumption is that the acquired OSPI business will continue to add additional annual recurring revenue contracts through subscription sales at a rate consistent to that achieved in 2021, with operations driven by a similar cost base to that of 2021. A discount rate of 11% has been applied to future cash flows. No reasonably possible changes to the assumptions would lead to an impairment. Management believe the assumptions used after considering the market factors are appropriate.

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

The 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, acquired software products and acquired brands relate to the OSPI acquisition.

14 Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2020	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
Effect of movements in exchange rates	2	1	3
Additions	–	72	72
Disposals	–	(26)	(26)
At 31 December 2021	**165**	**240**	**405**
Accumulated depreciation			
At 1 January 2020	(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)
Effect of movements in exchange rates	(1)	(1)	(2)
Charge for the year	(33)	(40)	(73)
Disposals	–	26	26
At 31 December 2021	**(74)**	**(164)**	**(238)**
Net book amount			
At 31 December 2021	**91**	**76**	**167**
At 31 December 2020	123	44	167

15 Right-of-use assets

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

	2021 £'000	2020 £'000
Cost		
At 1 January	**1,775**	492
Effect of movements in exchange rates	**18**	(66)
Additions	**—**	1,770
Lease related to acquisition	**—**	71
Disposal	**—**	(492)
Cost at 31 December	**1,793**	1,775
Amortisation		
At 1 January	**(208)**	(419)
Effect of movements in exchange rates	**(7)**	20
Charge for the year	**(242)**	(301)
Disposal	**—**	492
Amortisation at 31 December	**(457)**	(208)
Net book amount at 31 December	**1,336**	1,567

16 Trade and other receivables

	Notes	2021 £'000	2020 £'000
Trade receivables, gross		**3,570**	1,888
Allowances for expected credit losses	16.1	**(250)**	(31)
Trade receivables, net	16.2	**3,320**	1,857
Amounts recoverable on contracts		**943**	457
Other receivables		**77**	70
Prepayments		**611**	466
VAT and taxation receivable		**74**	—
Total trade and other receivables		**5,025**	2,850

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

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

16.1 Movement in allowance for expected credit losses

	2021 £'000	2020 £'000
At 1 January	**(31)**	(4)
Allowance acquired	**—**	(21)
Allowance made	**(219)**	(6)
At 31 December	**(250)**	(31)

16.2 Ageing of past due but not impaired receivables

	2021 £'000	2020 £'000
Neither past due nor impaired	**2,765**	1,666
Past due but not impaired:		
0 to 90 days overdue	**541**	191
More than 90 days overdue	**14**	—
Total	**3,320**	1,857

17 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	**11,499**	11,078
Cash and cash equivalents	**11,499**	11,078

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	2021 £'000	2020 £'000
British Pound (GBP)	**8,917**	8,951
Euro (EUR)	**54**	23
US Dollar (USD)	**585**	745
Japanese Yen (JPY)	**813**	486
Canadian Dollar (CAD)	**1,130**	873
Cash and cash equivalents	**11,499**	11,078

18 Trade and other payables

	Notes	2021 £'000	2020 £'000
Trade and other payables due within 1 year:			
Deferred income		**4,501**	2,833
Trade payables		**458**	74
Trade accruals		**2,339**	1,741
Other taxation and social security		**452**	430
Deferred acquisition consideration	6	**—**	746
Contingent acquisition consideration	6	**796**	—
Other payables		**33**	4
Total trade and other payables due within 1 year		**8,579**	5,828
Trade and other payables due after 1 year:			
Contingent acquisition consideration	6	**—**	746
Trade and other payables due after 1 year		**—**	746
Total trade and other payables		**8,579**	6,574

The carrying value of trade payables is considered a reasonable approximation of fair value.

19 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 accrued interest at a rate of 1.0% p.a. In June 2021, the loan was forgiven by the US Small Business Administration along with interest accrued.

20 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:

	2021 £'000	2020 £'000
At 1 January	1,846	79
Effect of movements in exchange rates	15	(76)
New leases entered into during the year	—	1,753
Lease related to acquisition	—	71
Finance costs incurred	88	97
Payments made during the year	(269)	(78)
At 31 December	1,680	1,846
Presented as:		
Lease liability payable within 1 year	246	208
Lease liability payable in more than 1 year	1,434	1,638
At 31 December	1,680	1,846

During 2020, 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 £2.0 million of lease payments after deduction of £0.3 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 2021 operating expense presented within the consolidated income statement includes £248,000 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 2021 £'000	Land and buildings 2020 £'000
No later than one year	178	160
Total	178	160

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.

21 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 2020	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
Issued under share-based payment plans	29,998	1	13	—	14
Issued as part consideration for acquisition	173,446	3	—	220	223
Balance at 31 December 2021	**57,515,696**	**1,150**	**22,507**	**959**	**24,616**

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

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

22 Share-based payments: options

22.1 Equity-settled share-based payment arrangements

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

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

22.2 Analysis of amounts recognised in the financial statements

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

	2021 £'000	2020 £'000
Total share-based payments charge recognised in operating profit	**282**	130

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

	2021 £'000	2020 £'000
Net share-based payments credit recognised in equity	**282**	130

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

	2021 £'000	2020 £'000
Cumulative reserve credit for share-based payments	**454**	190

22 Share-based payments: options continued

22.3 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 2021 Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Awards outstanding at 31 Dec 2021 Number	Awards exercisable at 31 Dec 2021 Number
Options	2011	2012–14	2021	1.050	GBP	24,200	–	–	(24,200)	–	–
	2012	2013–15	2022	2.125	GBP	24,000	–	–	(7,000)	17,000	17,000
	2013	2014–16	2023	2.055	GBP	32,750	–	–	(5,500)	27,250	27,250
	2014	2015–17	2024	2.250	GBP	10,000	–	–	(5,000)	5,000	5,000
	2018	2019–21	2028	0.555	GBP	350,000	–	–	–	350,000	350,000
	2020	2020–23	2030	0.783	USD	1,390,000	–	–	(125,000)	1,265,000	421,666
	2020	2020–23	2030	0.625	GBP	110,000	–	–	–	110,000	36,666
	2020	2020–23	2030	0.460	GBP	1,971,000	–	(29,998)	(10,000)	1,931,002	643,667
	2020	2020–23	2030	0.675	GBP	500,000	–	–	–	500,000	166,666
	2021	2021–24	2031	1.050	GBP	–	555,000	–	(50,000)	505,000	–
	2021	2021–24	2031	1.450	USD	–	425,000	–	–	425,000	–
Total						**4,411,950**	**980,000**	**(29,998)**	**(226,700)**	**5,135,252**	**1,667,915**
Weighted average exercise price (£)						0.562	1.060	0.460	0.849	0.645	0.584
Weighted average remaining contractual life						8.7 years				8.0 years	7.4 years

22.4 Share option scheme details

2020 share option plan and 2020 grants

In June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to Executive Directors and employees of the Group. 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.

In 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 2021 financial statements a charge of £226,000 (2020: £110,000) has been recognised in respect of share options granted during 2020.

2021 granted share options

In July 2021, IQGeo Group plc granted a further 980,000 share options in the Company in accordance with the share option plan implemented in 2020.

Within the 2021 financial statements a charge of £48,000 has been recognised in respect of share options granted during 2021.

23 Subsidiaries

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

Subsidiary	Country of incorporation	Principal activity	Proportion of ordinary shares held by Group (%)	Registered office
IQGeo 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

All subsidiaries are directly held by IQGeo Group plc. 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.

24 Related party transactions

24.1 Remuneration of key personnel

The key management have been assessed to be the Directors of the IQGeo Group plc (Executive and Non-Executive) during the 2021 and 2020 periods. Directors of subsidiaries have not been included as key personal.

During the year, there was an average number of eight key management personnel (2020: seven) and eight key management personnel at 31 December 2021 (2020: seven). The compensation paid or payable to key management for employee services is shown below:

	2021 £'000	2020 £'000
Short-term employee benefits		
Wages and salaries	**614**	501
Social security costs	**97**	73
Performance payments	**188**	125
Other benefits	**8**	8
	907	707
Post-employment benefits		
Contributions to defined contribution pension arrangements	**15**	21
Share-based payments		
Equity-settled share-based payments	**180**	70
Total key management compensation	**1,102**	798

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

24 Related party transactions continued

24.2 Transactions with the Group related parties

There were no other related party transactions with Directors of the Company during 2021 or 2020 other than acquisition of shares described within the Directors' report.

25 Financial risk management

25.1 Risk management objectives and policies

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

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

25.2 Foreign currency risk management

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

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

	Japanese Yen		US Dollars		Euros	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Assets	**25**	3	**101**	22	**25**	5
Liabilities	**—**	—	**—**	—	**—**	—

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

25.3 Foreign currency sensitivity analysis

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

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

	Japanese Yen		US Dollars		Euros	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Effect of a 5% appreciation of the local currency:						
Income statement	**1**	—	**5**	1	**1**	—
Equity	**1**	—	**5**	1	**1**	—
Effect of a 5% depreciation of the local currency:						
Income statement	**(1)**	—	**(5)**	(1)	**(1)**	—
Equity	**(1)**	—	**(5)**	(1)	**(1)**	—

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.

25.4 Credit risk analysis

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

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

The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. In addition, many of the Group's customers, and approximately 80% by balance at any given time, are large telecom utility companies and other blue-chip companies that would be considered a low credit risk. As a consequence, management have determined that there is an immaterial expected credit loss in respect of trade receivables at 31 December 2021.

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 2021, one customer individually accounted for more than 31% of the gross trade receivables balance (31 December 2020: more than 9%).

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

Details of certain trade receivables at 31 December 2021 that have not been settled by the contractual due date but are not considered to be impaired are included in note 16.2.

25.5 Liquidity risk analysis

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

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

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

As at 31 December 2021, 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 2021				
Trade and other payables	**2,830**	**—**	**—**	**—**
Lease obligations	**122**	**124**	**1,050**	**384**
Other payables	**796**	**—**	**—**	**—**
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	—

Financial assets used for managing liquidity risk

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

25.6 Capital risk management

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

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

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

The Group has £nil bank loan facilities at 31 December 2021 (31 December 2020: £600,000).

25 Financial risk management continued

25.7 Categories of financial instruments

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

	Notes	2021 £'000	2020 £'000
Financial assets			
Fair value through other comprehensive income:			
– Investments		**—**	2,500
Amortised cost:			
– Trade receivables	16	**3,320**	1,857
– Other receivables	16	**77**	70
– Cash and cash equivalents	17	**11,499**	11,078
Total financial assets		**14,896**	15,505
Financial liabilities			
Amortised cost:			
– Trade payables	18	**458**	74
– Trade accruals	18	**2,339**	1,741
– Other payables	18	**33**	4
– Bank loans	19	**—**	600
– Deferred consideration	6	**—**	746
– Lease obligation	20	**1,680**	1,846
Fair value:			
– Contingent consideration	6	**796**	746
Total financial liabilities		**5,306**	5,757

26 Reconciliation of liabilities arising from financing activities

	Bank loan £'000	Lease liability £'000	Total £'000
At 1 January 2020	—	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
Cash flows:			
Repayment	—	(269)	(269)
Non-cash			
Effect of moving exchange rates	(8)	15	7
Debt waiver	(592)	—	(592)
Interest applied to principal	—	88	88
At 31 December 2021	**—**	**1,680**	**1,680**

Company balance sheet

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	3	**1,763**	1,266
Current assets			
Current investments	3	**—**	2,000
Debtors falling due within one year	4	**19,464**	14,721
Debtors falling due after one year	4	**10,010**	9,936
Cash at bank and in hand		**6,830**	8,930
		36,304	35,587
Creditors – amounts falling due within one year	5	**(624)**	(415)
Net current assets		**35,680**	35,172
Total assets less current liabilities		**37,443**	36,438
Net assets		**37,443**	36,438
Capital and reserves			
Called-up share capital	6	**1,150**	1,146
Share premium account	7	**22,507**	22,494
Share-based payment reserve	7	**454**	190
Capital redemption reserve	7	**476**	476
Merger relief reserve	7	**959**	739
Profit and loss reserve	7	**11,897**	11,393
Equity shareholders' funds		**37,443**	36,438

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 profit for the financial year ended 31 December 2021 of £0.5 million (2020: £0.5 million loss).

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2022 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 2021

	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 2020	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 – fundraise	136	5,030	—	—	—	—	5,166
Issue of shares	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
Total comprehensive profit for the year	—	—	—	—	—	486	486
Exercise of share options	1	13	(6)	—	—	6	14
Issue of shares	3	—	—	—	220	—	223
Lapse of share options	—	—	(12)	—	—	12	—
Reserve credit for equity-settled share-based payment	—	—	282	—	—	—	282
Transactions with owners	4	13	264	—	220	18	519
Balance at 31 December 2021	**1,150**	**22,507**	**454**	**476**	**959**	**11,897**	**37,443**

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 2021

1 Principal accounting policies

Basis of preparation

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

The financial statements are prepared under the historical cost convention.

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

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

Share-based payments

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

Investments

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

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

Debtors

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

Creditors

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

Deferred taxation

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

Critical accounting judgements and key sources of estimation and uncertainty

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

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

Notes to the Company financial statements continued
for the year ended 31 December 2021

2 Profit and loss account

The Company has no employees (2020: nil). Directors' emoluments are disclosed within the Remuneration Committee report on page 52 of the corporate governance report. The Non-Executive Directors were remunerated by IQGeo Group plc.

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

	2021 £'000	2020 £'000
Audit fee – statutory audit	**89**	85
Other services	**—**	—
	89	85

3 Investments

	Investments in subsidiaries £'000	Other investments £'000	Total £'000
Cost and net book amount			
At 1 January 2021	1,266	2,000	3,266
Disposal of investment	—	(2,000)	(2,000)
Capital contribution to IQGeo America Inc	223	—	223
Capital contribution relating to share-based payments	274	—	274
At 31 December 2021	**1,763**	**—**	**1,763**

Disposal of investment

As part of the sale transaction of the RTLS SmartSpace business unit, the Group held a rollover investment in Abyssinian Topco Limited. Within the Company financial statements the investment was recorded at cost. On 29 December 2020, the Group entered into an agreement to sell its shares in Abyssinian Topco Limited with the sale completing during January 2021 for a consideration of £2.5 million.

Capital contribution to IQGeo America Inc

The Company issued 173,446 ordinary 2p shares during the year on behalf of IQGeo America Inc to the sellers of OSPI as settlement of deferred consideration.

Capital contribution relating to share-based payments

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

Consideration of impairment of investments

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

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

4 Debtors

	2021 £'000	2020 £'000
Debtors falling due within one year:		
Amounts owed by subsidiary undertakings	**19,457**	14,721
Sales tax recoverable	**7**	—
	19,464	14,721
Debtors falling due after one year:		
Amounts owed by subsidiary undertakings	**10,010**	9,936
Total debtors	**29,474**	24,657

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

Amounts owed by subsidiary undertakings are unsecured.

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

5 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade accruals	**195**	–
Accounts payable	**7**	–
Tax and social security payable	**7**	–
Amounts owed to subsidiary undertakings	**415**	415
	624	415

6 Share capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.02 each	**57,515,696**	57,312,252	**1,150**	1,146

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

7 Reserves

Share capital and share premium

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

Share-based payment reserve

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

Capital redemption reserve

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

Merger relief reserve

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

Retained earnings

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

8 Related party transactions

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

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