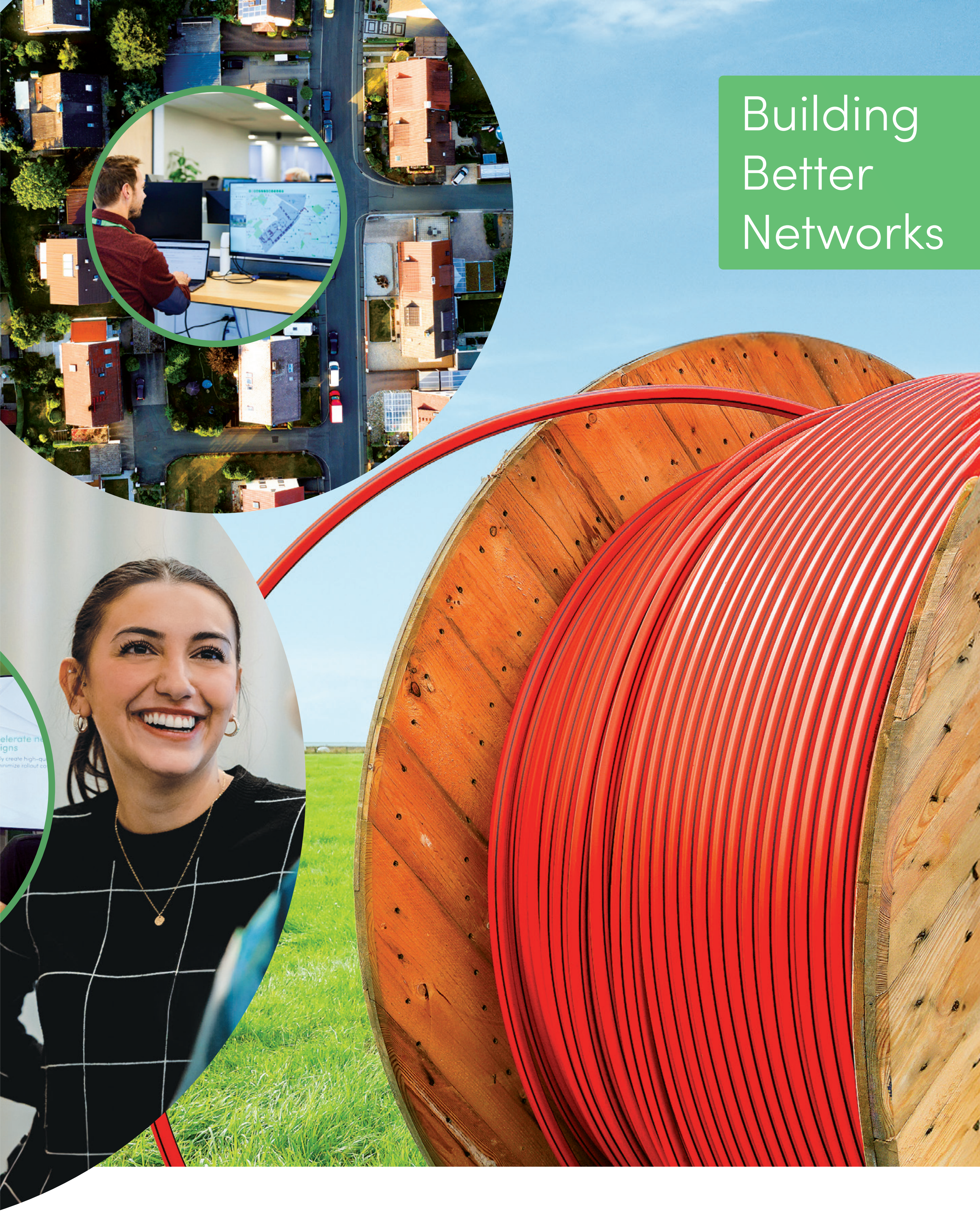


Building Better Networks

IQGeo Group plc
Annual Report 2023

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

YouTube/IQGeo

@IQGeo_software

LinkedIn/IQGeo

IQGeo 5 years

Contents

Strategic report

Corporate governance

Financial statements

Our vision

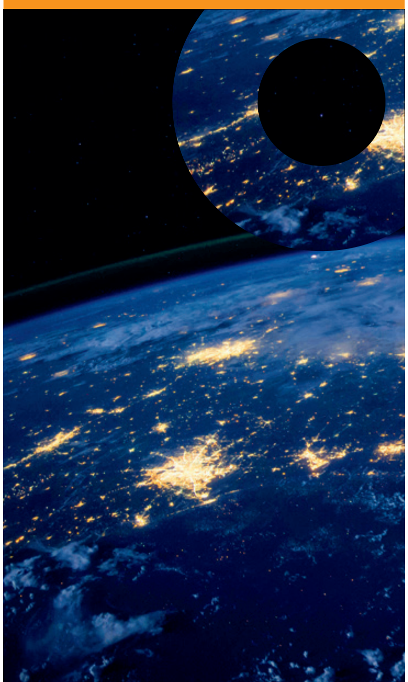
At IQGeo we are enabling digital equity for communities around the world with the deployment of full fibre broadband, and working to meet the challenges of net-zero carbon emissions by creating the renewable energy networks of the future.

Our purpose

IQGeo's Integrated Network and Adaptive Grid solutions for telecom operators and electric utilities are designed to support the entire network lifecycle from initial planning through construction, maintenance, sales and outage response. Our solutions reduce process costs across the lifecycle, accelerate time-to-revenue and create more resilient networks through improved data quality.

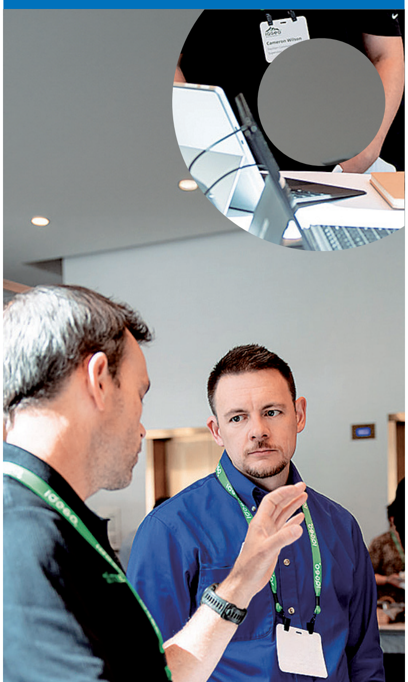
Our strategic focus

Goal 1
Global growth



See more on page 22

Goal 2
Recurring revenue



See more on page 22

Goal 3
Product innovation

See more on page 22

Awards

Carbon Neutral Organisation

At a glance

2023 was another successful year for IQGeo with continued software innovation that enables strong financial and market share growth.

Throughout 2023 the telecom and utility industries continued to make major capital investments in broadband rollout and electric grid modernisation. In North America alone, the Fiber Broadband Association recorded another record year with over nine million homes passed with new fibre and the Biden administration announced government funding of more than $42 billion to support nationwide digital equity. At the same time, electric operators are ramping up investment to redesign and modernise their grids to accommodate renewable and distributed energy generation and meet national targets for net-zero carbon emissions. With these global megatrends set to continue for the coming decade, they provide a strong long-term market opportunity for IQGeo's award-winning network management solutions.

IQGeo's end-to-end SaaS network management software provides a single platform across planning, design, construction, operations, maintenance and sales processes. We deliver the industry's most flexible system integrations and digital workflows to support everything from enterprise scale deployments to the needs of private fibre and regional utilities. Our desktop and mobile solutions create and maintain an accurate view of complex telecom and utility network assets that is easily accessible by anyone, wherever and whenever needed.

Highlights

Exit annual recurring revenue (£m)

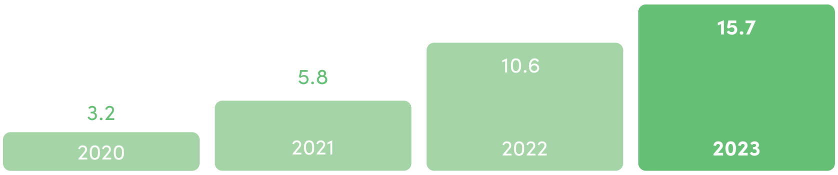
£21.3m

+41%

In-year recurring revenues (£m)

£15.7m

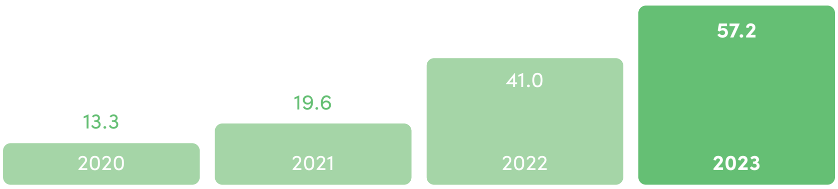
+48%



Total order intake (£m)

£57.2m

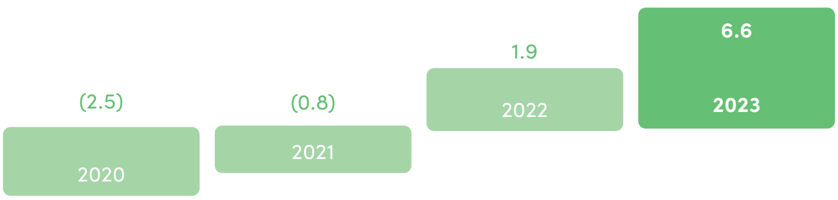
+40%



Adjusted EBITDA (£m)

£6.6m

+247%



The expanding capabilities and increasing sophistication of the IQGeo SaaS solutions create a strategic technology advantage for our customers who are driving digital equity with new fibre deployments and transforming electric grids in response to climate change and the emerging net-zero economy.

Our locations

Gross margin	Employees at the end of 2023	Number of new customers	Telecoms and utility customers
60%	217	64	500+

Delivering value across the network lifecycle

See more about our network lifecycle on page 16

IQGeo Americas Meetup, Denver

At the heart of our success is a clear focus on delivering software solutions that help our telecom and utility customers manage the entire lifecycle of their networks.

Richard Petti
Chief Executive Officer

Investment case

IQGeo is focused exclusively on the telecom and utility industry markets where investment remains strong for large capital projects to support broadband networks and realise the potential of renewable energy generation that meets net-zero carbon emission objectives.

Telecom network operators and electric utilities recognise the imperative to transform their ageing networks with new fibre infrastructure and modernised grids. They continue to make major investments in modern technology to achieve their commercial revenue goals and to meet carbon emission regulatory requirements.

Upgrading these networks will take decades with billions in investment and the IQGeo network management software is well positioned to be a strategic component to the long-term success of these businesses.

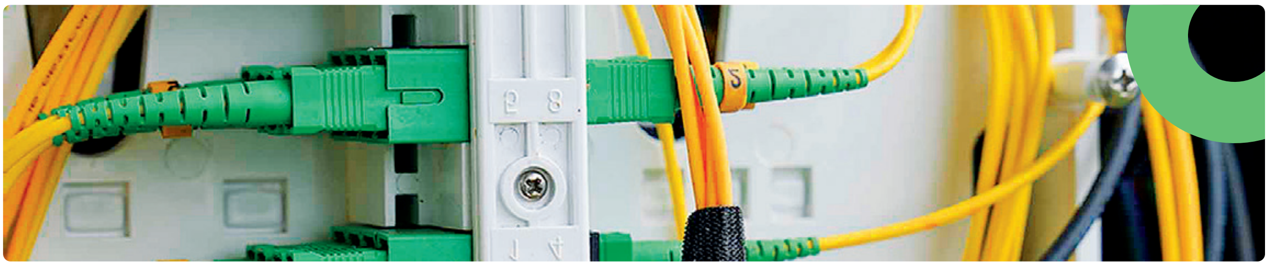
In 2023 our SaaS solutions have been firmly established as a market leader within the fibre industry and our utility solutions are gaining market share and building momentum as we continue to secure new high-profile customers.

01. Compelling market drivers

As large scale capital project funding continues to grow from government initiatives and private investors for universal broadband and electric grid modernisation and decarbonisation,

IQGeo is well positioned to capitalise on these global industry megatrends and capture greater market share in existing and new regions.

Read more on page 10



02. World-class products

IQGeo product innovation is key to our business success and in 2023 we launched our Integrated Network and Adaptive Grid solutions for telecom operators and electric grid utilities, and we led the industry with the release of the Insight, Professional and Enterprise editions of our award-winning Network Manager products.

Read more on pages 16 to 18

Comsof Fiber

Network Manager Electric

Network Manager Telecom

03.
Experienced team

In 2023 we continued to expand the breadth and depth of the IQGeo team with the appointment of a new Chief Technology Officer and the addition of 60 new colleagues across virtually every area of our business.

Our growing reputation for market success is helping us attract a highly talented group of technology and industry professionals.

Read more on pages 36 and 37

04.
Strong financials

IQGeo delivered against all of our key financial metrics in 2023 and we continue to build a resilient recurring revenue stream with our software subscriptions. This is being achieved through our "land and expand" business model that provides a healthy mix of new project sales and the expansion of software subscription and service revenue with existing customers.

Read more on pages 26 to 29

05.
Growing market momentum

With a strategic focus on network requirements for telecom and utility operators, we have created a highly skilled, multi-disciplined team of industry and technology experts that are delivering success for our customers.

This success creates a virtuous circle that is feeding our market reputation and enabling new business across all areas of our target industries.

Read more on pages 10 and 11

Chair's statement

> I am delighted to report that 2023 proved to be an extremely successful year for IQGeo, delivering strong financials, material product developments and an organisation which is now rapidly accelerating and broadening its market opportunity.
>
> **Paul Taylor**
> Chair

Record order intake (£m)

£57.2m

Adjusted EBITDA (£m)

£6.6m

I am delighted to report that 2023 proved to be an extremely successful year for IQGeo, delivering strong financials, material product developments and an organisation which is now rapidly accelerating and broadening its market opportunity.

This year we celebrated five years since the launch of the IQGeo brand and operational focus. We started this process with some best-in-breed products but needed to establish organisational readiness to truly address the opportunities that we felt would develop. Over that period, we have remained focused on our industry segments, developing our products and people aimed at addressing the pressing industry needs for Integrated Network and Adaptive Grid solutions in the telecom and utility sectors. These industries have continued to grow and demand modern tools to solve new and existing problems.

Our new customer wins and retention rates across all our markets from global blue-chip customers to smaller regional providers remain very high. In addition, many of those same customers continue to expand the number of software users and range of products and applications. All of which provides positive testament to our strategy.

We continue to see the markets we serve demanding modern adaptable tools to support field and back-office solutions. Customer wins invariably come from those needs and requirements with many seeing material solution replacements where those current strategies are no longer capable of meeting either external or internal requirements. As such, our customer profile typically develops as demand for more users, new products and functionality spreads across varying aspects of their business.

Our acquisitions in prior years have been fully integrated and have continued to allow us to address a wider market opportunity and provide existing customers with more product and functionality. Whilst we remain focused on the strong organic growth opportunity, we will as in previous periods consider carefully those opportunities that may well be served by market consolidations.

Results overview

Strong financial results in year delivered revenues of £44.5 million (2022: £26.6 million) a growth of 67%.

Organisation

We have continued to establish the teams across the globe to make sure we are able to develop customer relationships with cultural, regional understanding and local/infield support. In 2023 we saw the expansion of our Asian region with the opening of an office in Kuala Lumpur. Headcount has been carefully increased in the year to 217 (2022: 180). This expansion continues to enhance our management team and those skills needed to understand the challenges our customers and industries face.

Exit annual recurring revenue (£m)

£21.3m

Outlook

We entered 2023 with a strong conviction for the opportunity we had in front of us, and those opportunities and convictions remain as we exited the year. Against a backdrop of fast-growing market opportunities a talented organisation and a set of strong financial attributes, we remain confident that we can continue to meet growing market demand.

Finally, I would like to thank our customers who entrust their material operational needs with our products and people, our shareholders for their continued support, and our team at IQGeo.

Paul Taylor
Chair
19 March 2024

IQGeo Americas Meetup, Denver

2023 product launch milestones

Utility industry

Adaptive Grid solution
Complete solution for the lifecycle of the electric grid

Network Manager Electric
- Insight
- Professional
- Enterprise

New product editions
Support T1–T4 operations

Telecom Industry

Integrated Network Solution
Complete solution for the lifecycle of the fibre network

Network Manager Telecom
- Insight
- Professional
- Enterprise

New product editions
Support T1–T4 operations

IQGeo's five-year anniversary

IQGeo 5 YEARS

On 1 January 2024, we celebrated our five-year anniversary as IQGeo. While this is a major milestone with many significant achievements, the roots of the company and our software technology run much deeper than this half-decade. The original geospatial software has a rich history of development under the Ubisense brand prior to its disposal on 31 December 2018, and we have since added decades of industry and technology experience through the acquisitions of OSPInsight in 2020 and Comsof in 2022. Thanks to our dedicated and talented team, the IQGeo software portfolio and business has matured dramatically over the last five years as we have evolved from an industry challenger to a leader, and we look forward to even greater achievements in the future.

IQGeo, Innovation Awards

Workflow Manager launched

Network Manager Telecom launched

Customers: **40**

2019

Employees: **59**

Customers: **50**

2020

Employees: **71**

IPO
June 2011

Ubisense

Share price
£0.45

IQGeo launched
2019

IQGeo

OSPInsight acquisition

Network Manager Electric launched

Customers: **264**

2021

Employees: **96**

Carbon Neutral status

Carbon Neutral Organisation

ISO 27001

Customers: **363**

2022

Employees: **102**

IQGeo is profitable

Comsof acquisition

First Comsof Fiber integration

Integrated Network and Adaptive Grid solutions

Customers: **470**

2023

Employees: **180**

Share price

£3.00

Network Manager editions launched

Customers: **500+**

2024

Employees: **217**

Market opportunity

IQGeo's software provides strategic technology for fibre broadband and electric grid modernisation projects.

Telecommunication and utility companies around the world continue to make major investments in the deployment of fibre networks and the redesign of electric grids to support renewable and distributed energy generation. These projects are reshaping the efficiency of critical national infrastructure that will have wide-reaching environmental, social and commercial benefits for decades to come. The IQGeo network management software provides a strategic technology foundation for these vitally important projects, giving operators the ability to manage the entire lifecycle of their networks from initial planning, through design, construction, operations, sales and outage response.

Our Integrated Network and Adaptive Grid solutions for telecom and utility operators are being deployed to support everything from small private and co-operative network operators to the largest global broadband and electricity suppliers. Once installed, the IQGeo software is quickly established as a strategic IT asset that expands with new user licences and use cases, supporting our "land and expand" recurring revenue model.

Market drivers

Demand for broadband

Broadband network operators are competing to capture lucrative market share by deploying fibre connectivity to homes and businesses. Funded through private capital and government initiatives, these organisations are investing in new software to optimise fibre rollout and long-term network management. The IQGeo Integrated Network solution provides a pivotal component to their broadband business success.

IQGeo opportunity

- Support the entire network lifecycle
- Optimise and accelerate network designs
- Improve build accuracy and efficiency
- Maximise network revenue

Electric grid modernisation

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

IQGeo opportunity

- Transform network model management
- Improve network data quality
- Accelerate grid modernisation
- Adapt quickly to changing needs

Decarbonisation and climate change

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

IQGeo opportunity

- Identify decarbonisation opportunities
- Support low carbon technologies
- Reduce field service inefficiencies
- Improve network resilience and reliability

With the release of IQGeo's Network Manager editions in 2023, we are able to offer three versions of our popular network management software to support operators of any network size and budget. The Insight, Professional and Enterprise editions provide different levels of packaging, configuration and customisation that support large Tier 1 and Tier 2 operators and smaller or private Tier 3 and Tier 4 operators. (Refer to the Our products section for more details.)

FTTH Conference, Madrid

Target markets

Electric utility grid modernisation

Electric utility grid utilities of all sizes are facing a once-in-a-generation network transformation challenge. As a regulated industry, they must continue to ensure high levels of service and safety while redesigning their grids for renewable and distributed energy generation infrastructure with new net-zero emission targets. This is all happening against a backdrop of increasingly severe weather events caused by climate change. To meet these challenges, they must rethink the use of their legacy GIS software systems and manual processes to create a flexible, digital technology strategy for office-based teams and field engineering crews.

Tier 1 and Tier 2

National and regional broadband operators

Larger operators need a software strategy that provides much greater agility to adapt their unique network and workflow requirements. The Enterprise edition of Network Manager Electric delivers a strategic solution that they can customise to address a wide range of operational use cases from planning and construction through outage assessment and disaster response.

- National grid distribution utilities
- Regional transmission utilities

Tier 3 and Tier 4

Rural and co-operative grid operators

Smaller co-operative and rural grid utilities provide vital power to customers living outside metropolitan areas. However, these organisations seldom have teams of IT specialists to manage complex software solutions. The Insight and Professional editions of Network Manager Electric are ideal for these grid operators as they can be up and running in a few days without the need for custom code development.

- Rural grid utilities
- Member-owned co-operative utilities

Broadband fibre network rollout

Fibre operators include large and small commercial broadband providers and those that deliver broadband connectivity through corporate, private, municipal and transport networks. While the commercial operators are typically driven by customer revenue targets and private operators are driven by demanding service levels, the overall fibre network management challenge remains the same. All these operators require a single software solution that supports the needs of office and field crews across the entire network lifecycle.

Tier 1 and Tier 2

National and regional broadband operators

The market share ambitions of commercial broadband operators is creating a race to pass and connect as many homes and businesses as possible. This focus on speed is where the Enterprise edition of Network Manager Telecom provides broadband operators with the ability to customise the IQGeo software to address business critical workflows and time-to-revenue performance requirements.

- Legacy telecom operators
- Commercial broadband operators

Tier 3 and Tier 4

Local, private and municipal broadband operators

Local broadband ISPs, private and municipal operators share the same fibre network management requirements, but with more limited IT resources, skillsets and budgets. The Insight and Professional editions of Network Manager Telecom were designed for these fibre operators as they can be up and running in a few days without the need for custom code development.

- Local broadband operators
- Corporate and industrial campuses
- Municipal and government networks
- Transport authorities
- University campuses

CEO's statement

Our customers are changing the face of communication with new fibre networks and completely redesigning electric grids for a decarbonised future, and in 2023 IQGeo again demonstrated the strategic role our software plays in these global megatrends.

Richard Petti
Chief Executive Officer

Revenue growth of

+67%

Growth in Exit ARR

+41%

Our customers are changing the face of communication with new fibre networks and completely redesigning electric grids for a decarbonised future, and in 2023 IQGeo again demonstrated the strategic role our software plays in these global megatrends. At the heart of our success is a clear focus on delivering software solutions that help our telecom and utility customers manage the entire lifecycle of their networks.

The challenges facing these industries are enormous, impacting virtually every aspect of their business.

Our Integrated Network and Adaptive Grid solutions are giving broadband and electric operators the long-term software technology foundation they need to build and maintain the networks of the future.

While we continue our ambitious plans for the enhancement and extension of our software product line, we are increasingly confident in our technology leadership position and in the long-term market potential for our telecom and utility sectors. The combination of our innovative technology, strong market demand and the quality of our growing global team, has delivered an excellent set of results for 2023 with an optimistic outlook for future performance.

Fibre that delivers digital equity

The market opportunity for our geospatial network management software remains strong as we continue to see significant public and private investment. Governments around the world are investing in fibre deployments to provide digital equity for their citizens. This is typified by an additional $40 billion fund for high-speed internet across our primary North American market with President Joe Biden calling broadband access an "absolute necessity" and that the US government "were not going to leave anyone behind".

Fibre broadband industry Homes connected status

EU27 + UK

Homes connected with fibre in 2023

34%

Source: FTTH Council Europe's Market Intelligence Committee, FTTH/S Market Forecasts 2023–2028

USA

Homes connected with fibre in 2023

22%

Source: Fiber Broadband Association and RVA LLC, State of North America Fiber Industry, December 2023

Cash, no debt (£m)

£11.0m

The IQGeo software suite, which includes our Comsof Fiber automated planning and design software (2022 Comsof acquisition), is well positioned to respond to this demand and in 2023 we were pleased to sell our solutions to many new large and small fibre network operators in North America and markets as diverse as Egypt, Greece and Malaysia. The combination of public and private investment together with compelling commercial opportunities for broadband operators has accelerated fibre deployment projects, and we've been able to capitalise on this market momentum as we expand our customer base globally.

Decarbonising grids worldwide

In contrast to fibre network deployments that are commercially driven, electric grid operators are tightly regulated and driven by operational and service metrics. While the speed of the grid transformation may be slower than fibre deployments, because the addressable market is many times larger than fibre, the opportunity for our Adaptive Grid software solution is significant. In response to this opportunity we are actively investing in our utility software offering and have seen success in 2023 with a solid list of new electric utility customers that view the IQGeo software as strategic to their grid transformation objectives.

Measuring our success

To focus our operational priorities across all departments within IQGeo and monitor our progress, we established three key business goals when we relaunched IQGeo at the beginning of 2019. Over the last five years we have consistently monitored and measured our performance against these targets.

1. Global growth

Revenue growth for 2023 has met our ambitious targets across all metrics. These results have been achieved through sales in our traditional North American, EMEA and Japanese markets.

- 67% growth in revenue
- Revenue of £44.5 million in 2023 compared to £26.6 million in 2022
- 40% growth in order intake
- Order intake of £57.2 million in 2023 compared to £41.0 million in 2022

At the end of 2023 we opened a new office in Kuala Lumpur, Malaysia, staffed by IQGeo employees. We will be using this team to develop new partners in the Asia Pacific (APAC) region to expand our revenue opportunities in 2024 and beyond.

2. Recurring revenue

With ARR growth of 41% in 2023 (50% on a constant currency basis), the team continued to make significant progress on our goal to increase predictable recurring revenue. Our SaaS-based software deployments were instrumental to the success of our "land and expand" business model that was fuelled by strong market demand for our industry-leading software.

- 41% growth in ARR (50% on a constant currency basis)
- Exit ARR of £21.3 million in 2023 compared to £15.1 million in 2022

3. Product innovation

2023 was another milestone year for product innovation at IQGeo as we launched our Integrated Network solution for telecom operators, the Adaptive Grid solution for electrical operators, and the Insight, Professional and Enterprise editions of our Network Manager products. These new solutions and product innovations are leading our competition and opening market and revenue opportunities with new and existing customers. One key indicator of product management success and customer satisfaction is our net retention rate, which measures organic growth. This statistic showed healthy growth for the 2023 financial year.

- Net retention of 133% in 2023 compared to 108% in 2022

Electric utility industry market drivers – Digitise, Deploy, Decarbonise

Valuation

Grid Tech Market Value by 2030

$640bn

Funding

Billions available in Federal Funding & Credits

$350bn

Decarbonisation

7,700 $MtCO_2$ enabled by Grid Tech by 2030

7,700 $MtCO_2$

Activity

Grid Modernisation Actions Taken by States in past five years

1,864

CEO's statement continued

Investing in the IQGeo customer lifecycle

In the same way that our software solutions support fibre and electric network lifecycles, the IQGeo management team is focused on supporting the entire lifecycle of our customers. We resist the temptation to apply isolated point solutions for different departmental needs, and instead approach our business from a holistic perspective that joins up the different operational areas.

This strategy delivers tremendous benefits for our customers because it allows them to embark on a multi-year "digitisation journey" with IQGeo which yields continuous improvements in operational efficiency and safety. Our customer lifecycle journey begins when they first engage with the IQGeo story and continues through their software purchase, onboarding, training, services and long-term support. Our customer success teams then become permanent customer partners for identifying the next opportunity within the organisation. To support this transition from "land" to "expand" based revenue we will continue making investment in talent, tools and processes to maximise customer satisfaction and continued net retention success.

In 2023 we were pleased to announce that Dr David Cottingham joined IQGeo as our new Chief Technology Officer and under David's vision we are enhancing and expanding our SaaS offering that makes it simple for smaller network operators to subscribe to our software with little or no service requirements, accelerating Annual Contract Value (ACV). For those Enterprise customers that require a more complex solution, our delivery team now has in place an impressive professional services portfolio that includes product training, integration and data services so they can deploy quickly and our sales team can focus on expanding these customer accounts with additional user licences and new applications.

Joining up each stage of the customer lifecycle is accelerating time to ACV with new customers, enabling faster expansion revenue with existing customers, and delivering a much better customer experience that supports our goal of long-term customer retention.

Celebrating 5 years as IQGeo

We launched the IQGeo brand five years ago on 1 January 2019 after the disposal of the Ubisense RTLS business. Looking back at the launch of IQGeo, I'm very pleased with the progress that we have made in terms of the partnership with our customers and the growth of the IQGeo team.

We have made bold and innovative moves with our software, integrated two strategic acquisitions, and established our company as world-class in the markets we serve. From a financial perspective we have been successful in executing our plans to meet revenue, ACV and profitability targets, and this is fuelling the growth of our team with industry professionals that are keen to be part of our success.

When speaking to staff I often compare IQGeo's journey to NASA's hugely successful Voyager missions which took advantage of a once-in-a-lifetime alignment of the outer planets. Transposed to our markets, what favours us is strategic strength both for factors we control (product, technology and organisation) and, crucially, those we do not (market demand, market size and competition). I tell staff that having all those elements align at the same time is a unique opportunity and one that will continue supporting the IQGeo mission for many years to come.

Richard Petti
Chief Executive Officer
19 March 2024

IQGeo 5 YEARS

Refer to "IQGeo's five-year anniversary" on pages 8 and 9 for a view of our company timeline and milestones.

Innovation achievement

In recognition of our product and business innovation, IQGeo received the following awards in 2023.

https://www.iqgeo.com/award-winning-geospatial-software

The Best and Brightest Companies to Work For

IQGeo's Denver operation was recognised as one of the "2023 Denver's Best and Brightest Companies to Work For". The award highlights those companies with a commitment to excellence in their human resource practices and employee enrichment.

INCA Awards 2023

IQGeo Network Manager Telecom software was given a "Technical Innovation" award from the INCA fibre industry trade association, recognising the contribution our software is making to fibre operators across the United Kingdom.

ISE Network Innovators' Award

IQGeo's Network Manager Telecom software used by fibre and cable operators around the world was recognised among the best fibre industry products in the 2023 ISE Innovators' Awards.

2023 BTR Diamond Award

IQGeo's Comsof Fiber automated planning and design software has been recognised by Broadband Technology Report and awarded for its excellence in the fibre and broadband industry.

Leader and innovator in Broadband Communities Top 100 list

"Building a Fiber-Connected World" is the tagline of Broadband Communities magazine. Each year, the Fiber-To-The-Home Top 100 list recognises organisations that lead the way in this endeavour. IQGeo was added to this prestigious telecom industry list in 2023.

Cambridge Independent Science and Technology Awards

In 2023 IQGeo was shortlisted for the "Technology Company of the Year" for the Cambridge Independent Science and Technology Awards. Sponsored by the Cambridge Independent magazine, the awards include an impressive field of technology and science companies from the world-renowned Cambridge technology cluster.

Our products

2023 was another milestone year for the development of the IQGeo software product suite with two major strategic announcements.

We launched our Integrated Network and Adaptive Grid solution portfolios for broadband network and electric grid operators, and we launched three new additions for our award-winning Network Manager software which expands our ability to support a wider range and profile of customers.

With the launch of our new solutions and the expansion of the Network Manager products, we have broadened the scope of our vision for what we can offer existing and new customers and extended our addressable market by providing the ability to support network operators of virtually any size (Tier 1 – Tier 4). This strategy also leverages the OSPInsight software and customer base acquired in 2020 and tightly integrates the Comsof automated fibre planning software acquired in 2022.

Integrated Network solution for broadband operators

Built on the foundation of our Network Manager Telecom software, the Integrated Network solution is a combination of products and professional services that accelerates time-to-revenue for broadband operators by providing an end-to-end solution that supports all stages of the network lifecycle.

This solution tightly integrates our powerful Comsof Fiber automated planning software to provide a seamless user experience from initial planning and design through to construction and ongoing maintenance.

In combination with our Workflow Manager software product, the Integrated Network solution enables the automation of office-based and field tasks, providing greater operational efficiency and improved network data quality. Once fibre networks are deployed, operators must maximise revenue potential and the integration of our Network Revenue Optimizer product allows them to quickly assess and quote new fibre connections to boost long-term revenue. While there is huge potential for the ongoing development of the IQGeo Integrated Network solution, it has already set new industry standards for seamless process integration across the fibre network lifecycle.

Adaptive Grid solution for electric utilities

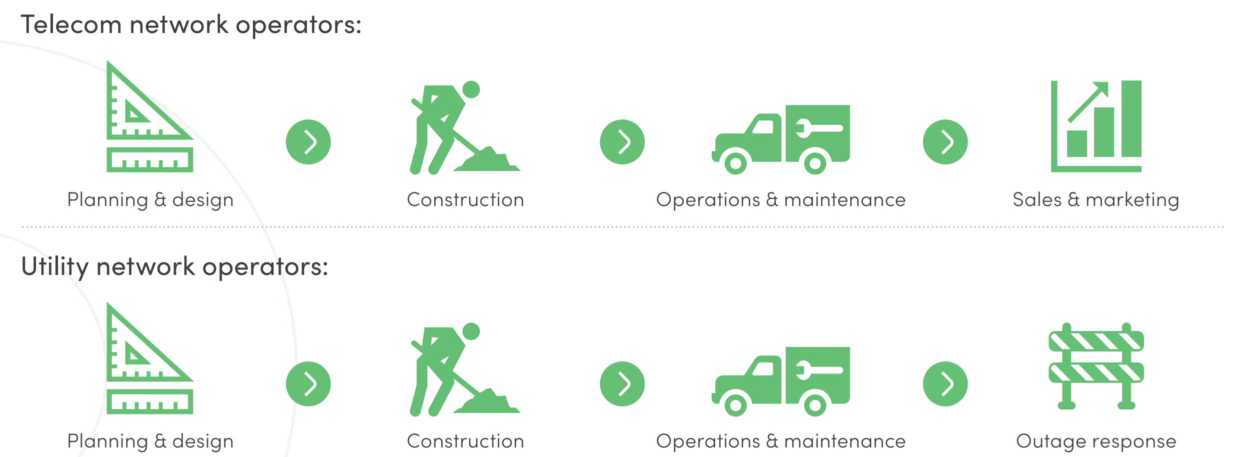
Built on the foundation of our Network Manager Electric software, the Adaptive Grid solution is a combination of products and professional services that provide the modern digital capabilities and flexible network modelling needed to meet grid transformation requirements.

While electric grid management solutions have traditionally been mapping focused, we believe that the enormous challenge of grid modernisation to achieve net-zero carbon emissions requires a solution that can adapt more quickly and flexibly and is rooted in the quality of the network model.

As grid requirements rapidly evolve, electric utilities need accurate and timely network data across the entire organisation. Manual and paper processes used in the office and field, along with disconnected systems, are a major limiting factor. The Adaptive Grid solution enables utilities to digitise end-to-end workflows that empower teams to easily manage every stage of the network lifecycle, from planning and design to construction, operations and outage response. And with so many future unknowns, we will continue to develop our Adaptive Grid solution so utilities can rapidly pivot to meet changing business and technical requirements.

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

End-to-end product lifecycle map



Network Manager editions

Our experience with large enterprise deployments and our success with smaller deployments through the OSPInsight customer base clearly demonstrates that all network operators are not the same. The needs, capabilities and budgets of large network operators are very different than smaller or private networks. In response to this market reality, we were excited to announce in October of 2023 the release of three new editions for both our Network Manager Telecom and Electric products.

DistribuTech, San Diego

The Insight, Professional and Enterprise editions provide a win-win for IQGeo and our customers. The editions offer three levels of technical sophistication and financial investment designed to meet the needs of different network sizes and shapes, while allowing us to focus our professional services organisation on the largest enterprise deployments. Using a single Network Manager platform allows customers to seamlessly upgrade between editions as their network and technical requirements grow, protecting their long-term investment in IQGeo software.

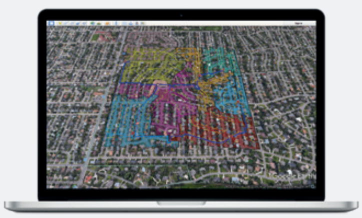
The launch of the Insight and Professional editions of Network Manager Telecom was also designed to provide an upgrade path for the existing OSPInsight software customers. The long-term goal is to transition this important customer base to the modern Network Manager software so that all our fibre network customers are on a single shared platform. Initial response to the upgrade strategy from the customers has been extremely positive and initial customer upgrades took place in late 2023.

The **Insight edition** is an ideal place to start for operators looking to replace spreadsheets, CAD drawings and manual processes with an optimised network documentation solution. A packaged edition that can be up and running in hours, Insight delivers a proven network model that lays the foundation for long-term business success.

For network operators who want to extend their models and capture more data about their network, the **Professional edition** is the right choice. Network templates can be quickly configured using a simple menu-driven interface to define and add new network components without the need for software development resources.

Operators with more complex processes and existing systems will select the **Enterprise edition** to customise their network model environment and take advantage of a full suite of optional workflow tools including automated planning, construction, project management and sales enablement. There are virtually no limits to the possibilities enabled by the customisable Enterprise edition of Network Manager.


Network Manager Electric tracing desktop


Comsof Fiber


Network Manager Telecom

Our products continued

IQGeo delivers a single software interface and common user experience to optimise every stage of the network planning, design, construction and operations lifecycle, accelerating work execution and time-to-revenue across the entire organisation.

What makes IQGeo different

IQGeo delivers a single software interface and common user experience to optimise every stage of the network planning, design, construction and operations lifecycle, accelerating work execution and time-to-revenue across the entire organisation.

Empowering the enterprise

As network complexity grows, it's simply no longer possible to manage a disconnected combination of paper documents, maps, Google Earth, spreadsheets and CAD drawings.

IQGeo empowers telecom, fibre and utility teams to easily monitor, capture, visualise and manage network assets. Our solutions work just as powerfully in the field as in the office, allowing all staff to share a single view of their network data across all operational workflows.

Delivering ROI

Together with IQGeo, telecom, fibre and utility network operators are reimagining the role of geospatial technology and transforming their business by setting new standards for productivity and collaboration that increase revenue, decrease operating costs, improve customer satisfaction, and enhance safety.

We understand the full end-to-end network management process and have optimised our software with innovative tools and proven best practice workflows to support unique industry requirements.

SaaS solutions

In 2023 IQGeo further evolved our cloud support strategy to offer full SaaS services for those Insight and Professional Network Manager customers using IQGeo cloud deployment services. Our flexible SaaS deployment options help customers reduce technical debt and streamline IT processes to ensure greater business performance and scalability.

The IQGeo advantages

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

Model anything

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

Use anywhere

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

Integrate everything

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

Innovate constantly

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

IQGeo EMEA Meetup, Ghent

Network Manager Telecom

David Cottingham joined IQGeo in 2023 as its Chief Technology Officer. In his new role, David is guiding the future architecture of the IQGeo product suite and below are his thoughts on the role that technology plays in delivering value to telecom and utility network operators.

Q&A with new Chief Technology Officer David Cottingham

SaaS based digital twins

Why are digital twins so strategic to telecom and electric grid network operators?

Traditional geographical information systems have always been "map first": after all, the very first step was to take what was a hand-drawn picture and move it to being stored digitally. If we turn the paradigm on its head, and make our focus the network topology (What's connected to what? How much capacity does it have?) with geographical location simply an attribute, we can answer questions like "which customers will be affected by a fibre break here?", or "what additional revenue will result if I double the capacity of this cable?". Having a SaaS based, network-focused, system from IQGeo gives network operators a true digital twin of their physical network that is accessible from anywhere, meaning that they can improve resilience, recover more quickly from outages, and generate more revenue. A SaaS architecture also helps our customers accelerate software deployment, and ultimately, time-to-revenue.

Network data quality

Why is network data quality so important for network operators?

Broadband and electric network data quality is surprisingly poor. Not only do there tend to be multiple, siloed computer systems but the data in those systems has gaps. For overhead networks, some poles may be missing entirely, or the lines do not actually link to each other, making a network trace impossible. Meanwhile, "as built" information is not always used to update the "as designed" networks recorded in the systems, meaning that records do not match reality. With IQGeo's mobility solution delivered from the cloud or customer premises, data is field-sourced with work crews updating records even when offline, ensuring that data quality is high and thus maintenance costs are kept low.

Workflows and integrations

How do operational workflows and technology integrations fit into the IQGeo story?

Every repair or expansion of a network involves many workflows. If a new neighbourhood needs fibre deploying to it, a design needs to be produced, materials costed and ordered, permits applied for, third-party work crews assigned tasks, and the status of whether each part of the network is live updated. Traditionally, much of this has been on paper, taking months between when a fibre is in a trench and when the sales team know it is ready. With IQGeo's platform, time-to-revenue for the operator can be radically reduced, as it can act as the central orchestrator for workflow actions to be injected into other enterprise systems. Now, construction crews can mark a portion of the network as live, and minutes later sales teams see it as available to market to customers.

Artificial Intelligence and Machine Learning

What impact will AI have on telecom and utility networks?

The current hype with Artificial Intelligence is centred around Large Language Models, but AI is much broader than this one application. Smart image processing from our partners that determines whether trenches are deep enough, or if fibres have been properly connected in a cabinet, is already in use at IQGeo customers. Machine Learning can be used to understand what parts of a network are most prone to earthquake damage, or to model how electric vehicles will change the demand profile for electricity in a city. Utilities are recognising that actively managing devices on customers' premises (such as EVs, heat pumps or battery storage) is crucial to the operation of the network. In time, algorithms will be making these decisions, relying on accurate digital twins of the networks in order to be successful. IQGeo's SaaS platform is well placed to help deliver this AI and Machine Learning vision.

Our business model

IQGeo has established a successful and growing recurring software subscription revenue model with recurring revenue growth of 48% and an Exit ARR of £21.3 million.

Land and expand

In 2023 we further validated IQGeo's "land and expand" software sales strategy by "landing" 64 new customer accounts and "expanding" the footprint of our software within existing accounts through the sale of new software applications and additional user licences.

Telecommunications and utility customers have complex technical and business requirements that often make it challenging to close new business. To control this risk with new projects, we work to focus our proposals on contained projects designed to resolve a well-defined business problem. This focused approach helps us to accelerate the sales process, ensure initial project success with new customers, and pave the way for future revenue and ARR expansion.

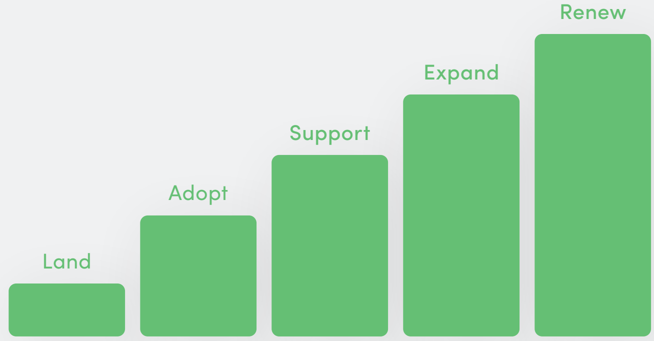
Following the acquisition of Comsof in 2022, we also capitalised on new expansion sales opportunities as we worked to upsell our Network Manager Telecom software to existing Comsof fibre planning customers, and cross-sell the Comsof Fiber software to the Network Manager Telecom customer base.

Customer benefits

- Accelerate time-to-revenue
- Streamline operational processes
- Reduce IT total cost of ownership
- Respond rapidly to network outage
- Comply with regulatory obligations

How we attract and retain customers

Customer growth model



New customers

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

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

Existing customers

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

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

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

Our vision and purpose

Our vision

At IQGeo we are enabling digital equity for communities around the world with the deployment of full fibre broadband, and working to meet the challenges of net-zero carbon emissions by creating the renewable energy networks of the future.

Looking forward into 2024 the market opportunity for our software remains strong and we anticipate further ARR growth that will support a consistent and predictable long-term revenue stream.

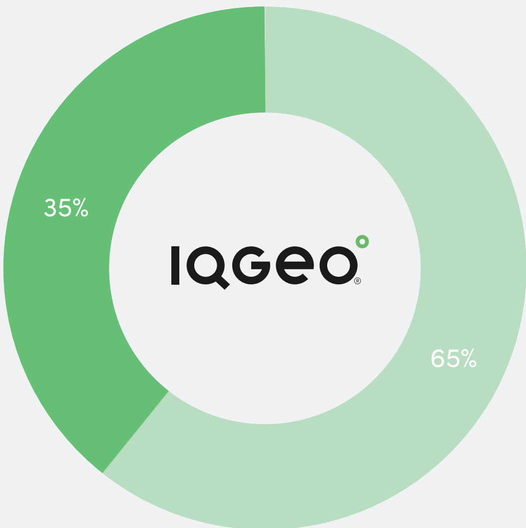
How we generate revenue

£15.7m +48%

2023 recurring software revenue

£10.6m 2022 recurring software revenue

Revenue generation model



- Recurring revenue – 35%
- Non-recurring revenue – 65%

01.
Recurring software ARR – £15.7 million

02.
Non-recurring services revenue – £19.5 million

03.
Non-recurring software revenue – £9.2 million

Value created

Business

+40%
order intake growth

500+
telecom and utility customers

New in 2023

64
new customers in 2023

1.2
new customers a week

Employees

+32%
Net Promoter Score – Employee willingness to recommend IQGeo as an employer (+25%-100% is classified as "Highly Engaged")

4.71/5
"I work productively and effectively with my colleagues"

4.2/5
"I am very satisfied to be working at IQGeo"

Our purpose

IQGeo's Integrated Network and Adaptive Grid solutions for telecom operators and electric utilities are designed to support the entire network lifecycle from initial planning through construction, maintenance, sales and outage response. Our solutions reduce process costs across the lifecycle, accelerate time-to-revenue and create more resilient networks through improved data quality.

See more about our ESG value creation on pages 30 to 35

Our strategy

Five years ago, in January 2019, we established three strategic goals for IQGeo that are key to the long-term growth of the Company. These top-line goals have remained unchanged as we focus our business and product development priorities on programmes and activities that will deliver success for IQGeo and our customers.

Goal 1
Global growth

64 new customers in 2023

Read more in Market opportunity on pages 10 and 11

Progress during the year

Sales revenue and market share growth met our ambitious targets in 2023 across our key geographic regions of North America, Europe and Japan. Business momentum continues to build as we close projects with large Tier 1 and Tier 2 operators and establish a growing customer base with smaller and private Tier 3 and Tier 4 fibre network and electricity grid operators.

Goal 2
Recurring revenue

+48% growth in recurring revenue

Read more in Our business model on pages 20 and 21

Progress during the year

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

Goal 3
Product innovation

Six IQGeo innovation awards

Read more in the Chief Executive Officer's statement and case study on pages 15, 24 and 25

Progress during the year

In 2023 we successfully launched our Integrated Network and Adaptive Grid solutions, released new editions for our Network Manager products, and completed a full integration of the Comsof Fiber automated planning software. These milestone product innovations, as well as ongoing application development, position IQGeo as an industry leader for end-to-end network lifecycle solutions.

We continued to record steady growth against these goals and in 2023 we achieved a number of notable business milestones and have a clear vision for achieving success in 2024 and beyond.

Our future goals

In 2024 our team will work to further capitalise on our strong EMEA market presence since the acquisition of Comsof. To support APAC expansion we have opened an office with IQGeo employees in Malaysia in late 2023, that we will grow in 2024 to focus on partner development across this region. We have market leadership presence in North America for the telecom industry and in 2024 we will be working to establish a similar reputation across the electric utility industry.

Our future goals

To further support our successful recurring revenue model, we will remain focused on the "land and expand" software sales strategy and concentrate on our SaaS cloud hosting services. In 2024 we will begin the process of upgrading legacy OSPInsight customers to the Insight and Professional versions of Network Manager Telecom, which will help to ensure the long-term recurring revenue of this important customer base.

Our future goals

Our Product Management Group and Engineering team have worked closely with Marketing and Sales to define a software development roadmap for 2024 that includes extensions to our Network Manager products, application creation for specific industry use cases, and the further development of an API framework to support customer and partner product customisation requirements.

Sales kick-off meeting, Cambridge

Strategy updates

2023 IQGeo Innovation Awards

On 6 October 2023 at the IQGeo Americas Meetup in Denver, we announced the winners of our 2023 Innovation Awards. "Building Better Networks", these customers and partners were selected for their outstanding innovation on projects in the telecommunication, fibre network and utility industries and the contribution these projects have made to the transformation of their businesses and communities.

Link to press release
https://www.iqgeo.com/news-iqgeo/iqgeo-announces-2023-customer-and-partner-innovation-awards

Central Service Association (Tupelo, MS, USA)

Modernising utility lifecycle management

Deeply rooted in the utility industry, CSA stands out for its groundbreaking customer service and utility solutions. To enhance their customers' experience, CSA extended its UtiliSuite software portfolio by integrating IQGeo's field mobility application as UtiliGo, which has been successfully deployed with 14 customers. The new solution spans operations from infrastructure mapping to mobile network editing, and demonstrates CSA's commitment to transforming utility grid management for co-ops and municipalities with industry-leading technology innovation and professional services.

C Spire (Ridgeland, MS, USA)

Transforming fibre network management

Working with IQGeo, C Spire fully operationalised a strategic digital transformation initiative in less than eight months, deploying the new solution across more than half of its 80 geographic markets with the remainder to come online before the end of 2023. By migrating its legacy data and digitising its manual workflows, C Spire streamlined its fibre network design, outside plant fibre management, and maintenance processes. The project has accelerated time-to-revenue and created a highly scalable technology foundation to support its future business growth.

Gigapower (Dallas, TX, USA)

Delivering an end-to-end fibre network strategy

As an AT&T and BlackRock joint venture, Gigapower had the opportunity to build a fibre network management strategy from the ground up and selected IQGeo as the foundation for its end-to-end network solution. Over the course of six months the Gigapower team deployed IQGeo's Network Manager software to over 500 staff and contractors, integrating key operational systems such as ServiceNow and MS Dynamics 365. The innovative solution provides Gigapower with a flexible and scalable fibre network model that can be used across the organisation to plan, construct and manage its rapidly growing fibre network.

"This is the fifth consecutive year that we've recognised our customers and partners for outstanding innovation and the achievements of this year's winners are extremely impressive. The individuals within these organisations have a vision and ability to transform the potential of our lifecycle network management software into proven solutions, enabling their businesses to deliver digital equity with fibre broadband, and transform electric grids for a net-zero future. It's a pleasure for our team to collaborate with such inspiring people, and on behalf of everyone at IQGeo I would like to congratulate them all for their amazing accomplishments."

Richard Petti
CEO at IQGeo

NEC
NECネッツエスアイ

NESIC (Tokyo, Japan)

Planning for and responding to natural disasters

With extensive electric utility expertise, NESIC deployed the IQGeo software to create a disaster assessment and digital service provisioning platform for government authorities and public interest organisations across Japan. The new solution integrates a wide range of data streams and weather analytics into a single IQGeo geospatial dashboard for office-based and mobile field crews. This adaptive solution enables public service authorities to effectively monitor and manage their disaster response activities during Japan's frequently severe typhoon, earthquake and tsunami incidents.

PGE

Portland General Electric (Portland, OR, USA)

Creating resilient electric grid services

Dedicated to finding new and innovative ways to provide clean, reliable energy for almost 2 million Oregonians, PGE showcased innovation with its new mobile solution for their Outage Management System (OMS). Collaborating with IQGeo, PGE enhanced the capabilities of its restoration field crews and first responders by integrating OMS and Maximo systems with IQGeo's Workflow Manager application. The new map-centric solution ensures seamless, efficient outage responses both online and offline across their territory, demonstrating the use of innovation to deliver resilient, safe electricity services to its customers.

ziply fiber

Ziply Fiber (Everett, WA, USA)

Integrating fibre planning, design and construction

In 2023 Ziply Fiber completed a fully integrated deployment of IQGeo's Comsof Fiber and Network Manager Telecom software to create an efficient digital workflow across normally disconnected activities. The new single shared network view is used for automated fibre planning, design management, project plans with digital prints, and field design validation. The Ziply Fiber team's innovation lies in their vision to digitise historically manual processes to create a single shared network view that cuts planning, design and construction times, while improving network data quality.

Key performance indicators

Continued progress against strategic objectives.

1 Exit annual recurring revenue (ARR)

(£m)

£21.3m +41%

Description

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

Why measure

Provides stability and future visibility of revenues.

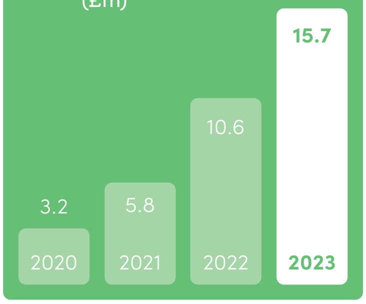
2023 performance

Exit ARR has increased by 41% through the addition of new logos and net retention of IQGeo's customer base of 133%.

Link to strategy

2 In-year recurring revenues

(£m)



£15.7m +48%

Description

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

Why measure

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

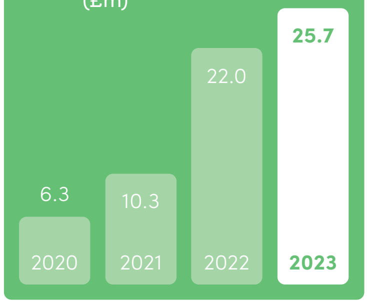
2023 performance

IQGeo recurring revenues recognised in the consolidated income statement have increased by 48% with over 93% of logos being added on a subscription basis (2022: over 93%).

Link to strategy

3 Recurring revenue order intake

(£m)



£25.7m +17%

Description

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

Why measure

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

2023 performance

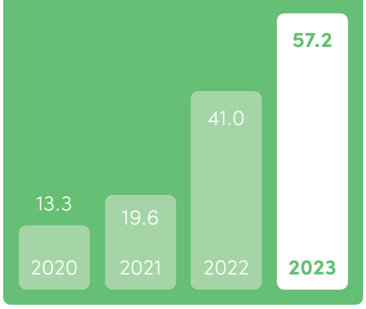
Recurring revenue order intake has increased by 17% due to new logos committing to multi-year subscriptions along with existing customers renewing annual M&S and subscription agreements and with some recurring revenue acquired with Comsof.

Link to strategy

Key

- Regional growth
- Transition to subscription
- Product innovation

4 Total order intake (£m)



£57.2m +40%

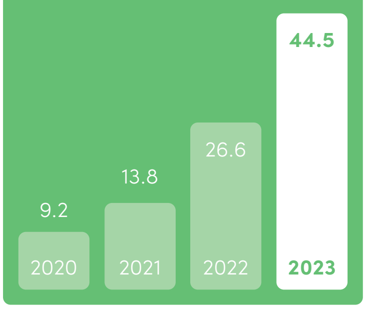
Description
Orders connected to software licence, subscription, M&S or associated services.

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

2023 performance
IQGeo orders have increased by 40% with a strong intake of services orders being won alongside subscription sales.

Link to strategy

5 Total revenue (£m)



£44.5m +67%

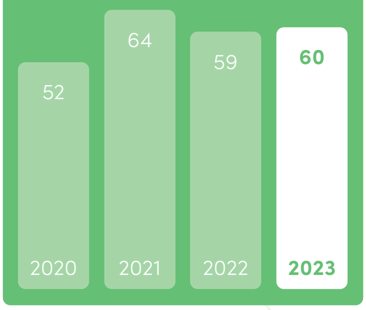
Description
Total revenue as reported in the consolidated income statement.

Why measure
Total revenue is a key indication of growth of the group, and success in our land and expand strategy.

2023 performance
IQGeo product revenue has increased by 67% with growth driven by recurring revenue streams and a growing services order book.

Link to strategy

6 Gross margin (%)



60%

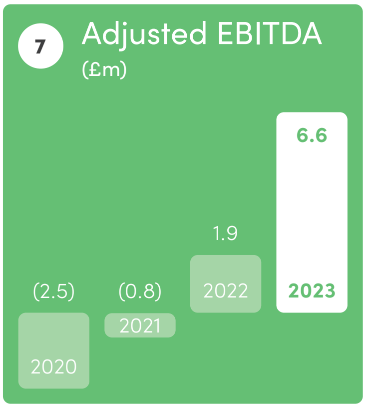
Description
Gross margin achieved from total revenues.

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

2023 performance
The gross margin increase of 1% is a result of the revenue mix driven by strong growth in recurring revenues, offset by the services revenue growth of 78% in the year to £18.8 million (2022: £10.5 million). Services margins have continued to improve over the year, and there has been a continued move to IQGeo own brand product sales.

Link to strategy

Key performance indicators continued



£6.6m +247%

Description

Adjusted EBITDA is a profit metric that 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.

Why measure

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

2023 performance

Adjusted EBITDA has grown 247%, reflecting the increase in total revenues, improvement in gross margin and controlled investment in operating costs across the Group.

Link to strategy

64

Description

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

Why measure

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

2023 performance

New logos were won in all operating regions during 2023, with the regional customer base becoming more diverse as markets are developed.

Link to strategy

£11.0m +36%

Description

Cash at bank, no debt.

Why measure

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

2023 performance

Net cash has increased during the year with the Group generating a positive cash flow from operating activities after investment in R&D and capital expenditure of £4.7 million, partially offset by the first earn-out related to the Comsof acquisition of £1.3 million.

Link to strategy

Key:

Regional growth

Transition to subscription

Product innovation

1. 152 new logos including 88 acquired with Comsof.

10 Employee headcount

(at 31 December)

217

+21%

Description

Employees of the Group as at the financial year end.

Why measure

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

2023 performance

Headcount was increased carefully in the year as the Group invested in its skills and resources to support organic growth.

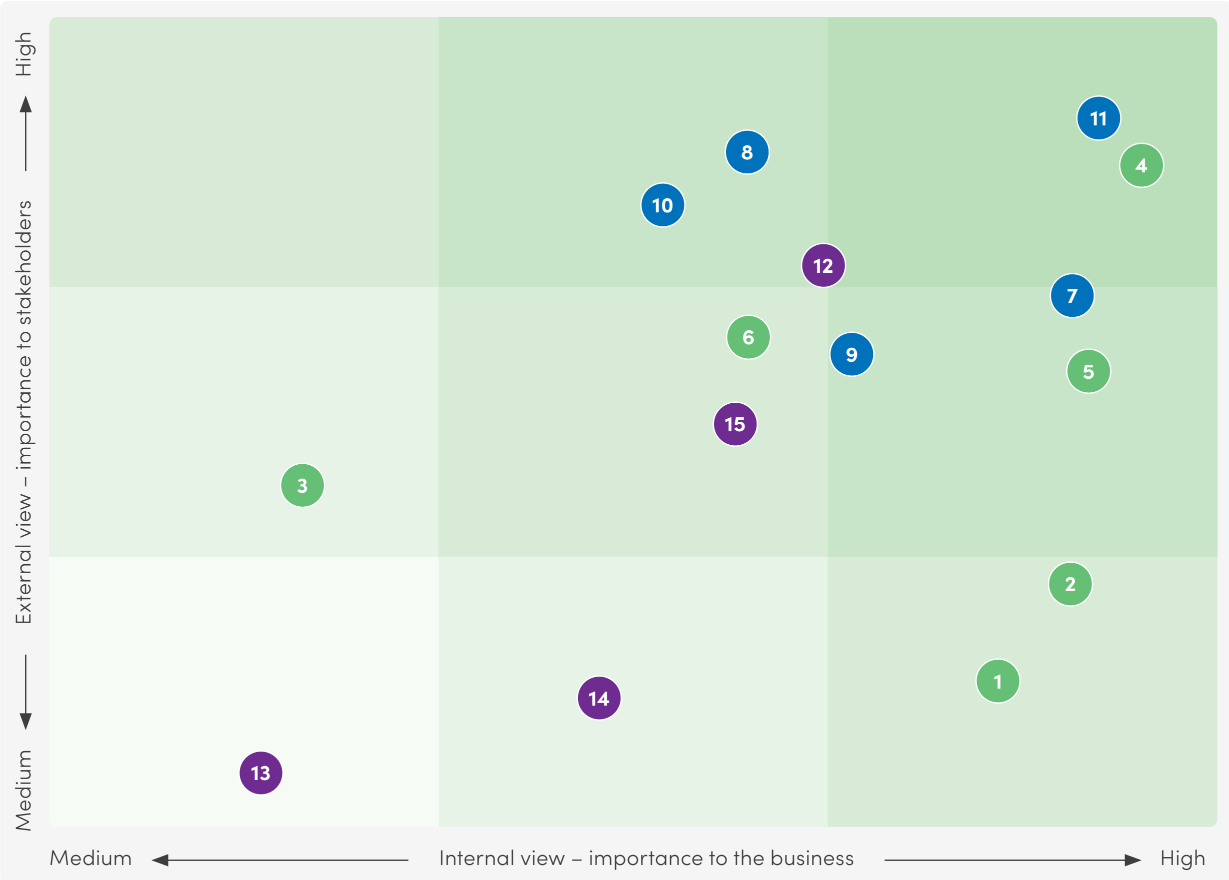
Link to strategy

Sustainability

Our materiality matrix

IQGeo materiality matrix

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



People and community

People are at the heart of our success

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

Technology impact

Innovation for business success

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

Environmental footprint

Developing a net-zero strategy

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

People and community

Working environment

In 2022, we saw staff adapt to a full hybrid working model. This model has continued in 2023 and we have encouraged our colleagues to work together in the office for two to three days a week to strengthen business and personal relationships. Continuing to adapt to life post-pandemic, we are now recruiting colleagues that are working 100% remotely, which has enabled us to retain valuable, highly skilled talent that is not restricted to our geographic office-based locations.

In an effort to stay connected with these new working arrangements, Company-sponsored events were held in each of our large centres of excellence. Gatherings during the summer and winter holidays were each held in our Cambridge, Ghent, Denver and Toronto offices. In most cases, these events invited remote staff to travel to the nearest office for work and social event participation. These events are planned to repeat each year and are in addition to larger team gatherings to further in-person connections and relationships.

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

Employee engagement

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

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

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

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

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

Professional development

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

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

Our **mentorship** programme has been successful since its introduction in 2022. We have seen new joiners feel more supported and more involved with IQGeo as a whole by being partnered with an experienced colleague and having someone on hand to provide advice and guidance.

Management meeting in Ghent

Sustainability continued

People and community continued

Professional development continued

Our mentors have also enjoyed being part of the programme and sharing their skills and knowledge with new members of the team and colleagues within different departments.

In 2023, we also continued with **internal training** and development. We completed a "Managers 101" training session in September 2022, which was open to all staff, and held another internal training session in October 2023, with more professional development training opportunities to follow.

Personal support

For the first time since inception, HR performed a global company benefits benchmarking effort to evaluate current offerings and assess how and where the current benefits were competitive, retentive, and supportive of all staff. Results of this benchmarking identified several areas in each country where improvements could be made to stay not only in line with competition, but where we could differentiate our offering to attract and retain talent. We were excited to launch some Q4 improvements, including: sick leave to staff based in the US and Canada; introducing a buy/sell leave benefit for employees; enhanced leave for long service; and improvements to our existing health insurances and health cash plans. Specifically in Belgium, we implemented our enhanced maternity policy to support new mothers and their families.

We also made enhancements to the current cafeteria plan, including additional leave and expanding the tech purchase scheme in Belgium.

Corporate social responsibility

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

During 2023, we led Company-wide **charity initiatives,** including a matching donation campaign to the Red Cross for Ukraine relief, UNICEF for the Gaza and Israel appeal, plus donations made from staff who donated the cost of their holiday gifts to employee nominated charities across UK, Belgium, Canada and the US.

We reached **Carbon Neutral status** and we have taken part in carbon offsetting initiatives and have planted two trees for each employee at IQGeo.

Annual employee survey

Each year we conduct surveys of staff, asking for input on various aspects of work, benefits, facilities, and about their managers. We then review the scores and comments and come up with action plans to both support the things that are going well, and to address constructive comments that may have been raised.

This year, several initiatives were launched to address employee feedback, including a global benefits benchmarking effort, additional training initiatives, new productivity tools, enhancing charitable contributions, and more training opportunities.

One of the survey questions asks "How likely are you to recommend IQGeo as a place to work to a friend or past colleague. Scoring on a scale of 1-10, the resulting rating gives us the employer net promoter score, or the eNPS. With a range of -100 to +100, the score serves as an indicator of employee satisfaction and engagement. In general, scores over zero are positive, 25 is good, and over 40 is excellent.

We have seen a fluctuation of scores that have ranged from a high of 49 in 2020, and a low of 32 in 2023, with an average of 41 over the past four years. In this past year, overall industry trends in tech also reflected lower eNPS scores. While lower by 12 points this year, we also saw a significant drop in employee turnover from 18% down to 11%. By gathering feedback from staff, we will continue to listen and respond in ways to continuously improve the employee experience.

eNPS score

41

Average over the last four years

IQGeo Capital Marketing Day for investors, London

Technology impact

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

The IQGeo network management software plays a key role in supporting these important initiatives. Our innovative software solutions give operators a much enhanced view and greater control over their physical network assets, enabling the ability to quickly and easily model new assets that are essential for electric grid modernisation and fibre network rollout and management. Innovative operators have recognised how legacy software and manual processes impede organisations from achieving digital transformation objectives and are embracing IQGeo's flexible software and deployment strategies.

In addition to helping our customers plan, construct and maintain the networks of the future, we are also helping mitigate the impact of severe weather and natural disasters that can disrupt critical power and communication infrastructure. Our Integrated Network and Adaptive Grid solutions help our customers rapidly assess and respond to outages and disasters. These "incident dashboards" provide organisations with a dynamic view of the status of their network assets together with critical data streams such as weather conditions and the location of field crews. This gives them the situational awareness they need to plan safe and targeted response strategies to reduce network downtime and improve community safety.

s172 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.

IQGeo Americas Meetup, Denver

Environmental footprint

Measuring and mitigating the impact of climate change is a priority for IQGeo and for our customers in the telecom and utility industries as they work to design and build the net zero carbon networks of the future. IQGeo has been measuring our greenhouse gas (GHG) emissions for the last five years and 2023 is the third year that we have offset our GHG emissions. Through this process IQGeo has received CO_2e Assessed and Carbon Neutral Organisation certifications.

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 2023. The analysis includes statistics for all the IQGeo offices and this year additional statistics were added for home working and office-based emissions.

The profile of IQGeo's 2023 footprint shows a predicted increase in overall carbon emissions when compared to our baseline year of 2019. This overall increase in GHG emissions was caused by the growth in employee numbers, the addition of new reporting categories, and an expected increase in travel-related emissions. It is significant to note that the rate of growth of carbon emissions per employee has slowed as the organisation grows and we would expect this trend to continue in the future. Refer to the "Carbon emissions per employee" graph for more details.

IQGeo's carbon neutral status

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

With guidance from reporting partner Carbon Footprint, we have again offset our carbon emissions for 2023 using only Gold Standard or Verified Carbon Standard programmes that comply with the stringent requirements from the Quality Assurance Standard (QAS) for Carbon Offsetting. As a result, IQGeo has received Carbon Neutral Organisation status for our 2023 financial reporting period, giving the Company Carbon Neutral status for three consecutive years.

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

carbon footprint standard
Carbon Neutral Organisation

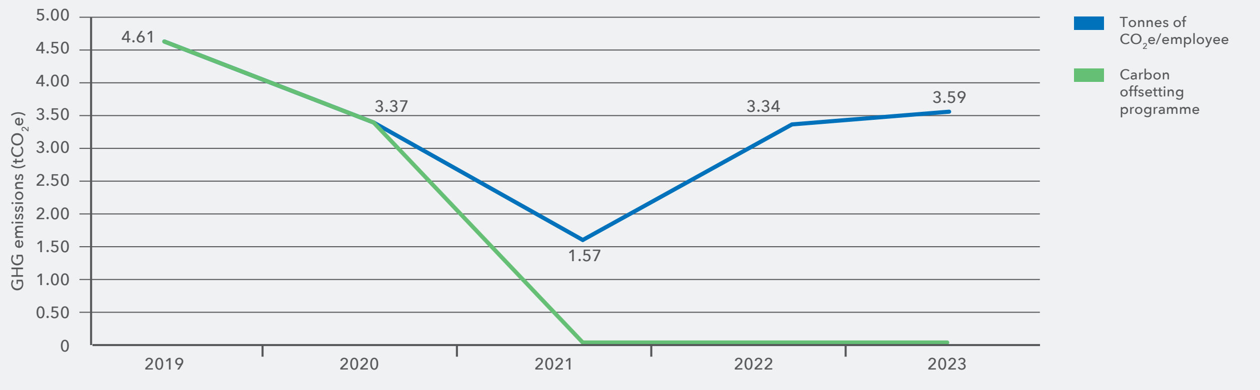
carbon footprint standard
CO_2e Assessed Organisation

IQGeo carbon footprint summary

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

Element	2019	2020	2021	2022	2023	% change on baseline year (2019)	% change on previous year
Flights	227.48	113.95	26.68	143.76	**239.93**	5.5	66.9
Site electricity (location-based)	81.66	75.80	71.44	107.02	**143.56**	75.8	34.1
Well to tank (location-based)	0.00	0.00	0.00	49.61	**86.60**	N/A	74.5
Home-workers	14.15	31.24	54.84	77.60	**96.43**	581.7	24.3
Commuting					**53.06**	N/A	1st year
Company car travel	0.00	0.00	0.00	49.27	**45.27**	N/A	(8.1)
Computing					**30.47**	N/A	1st year
Hotel stays	0.00	0.00	0.00	9.07	**12.57**	N/A	38.6
Taxi travel	7.63	4.29	1.87	2.31	**3.52**	(53.9)	52.0
Rail travel	1.42	0.34	0.15	3.55	**2.83**	98.8	(20.3)
Cash opt-out car travel	3.10	3.05	3.01	2.79	**2.74**	(11.7)	(1.8)
Hire cars	5.64	0.63	0.23	4.89	**1.78**	(68.5)	(63.6)
Bus travel	0.00	0.00	0.00	0.48	**0.14**	N/A	(71.0)
Paper					**0.02**	N/A	1st year
Total tonnes of CO_2e (location-based)	**341.08**	**229.30**	**158.20**	**450.36**	**718.92**	**110.8**	**59.6**
Headcount	**4.67**	**3.32**	**1.61**	**2.50**	**3.31**	**(29.1)**	**32.4**
Average FTE	**4.61**	**3.37**	**1.57**	**3.34**	**3.59**	**(22.0)**	**7.8**

Carbon emissions per employee and carbon offsetting



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

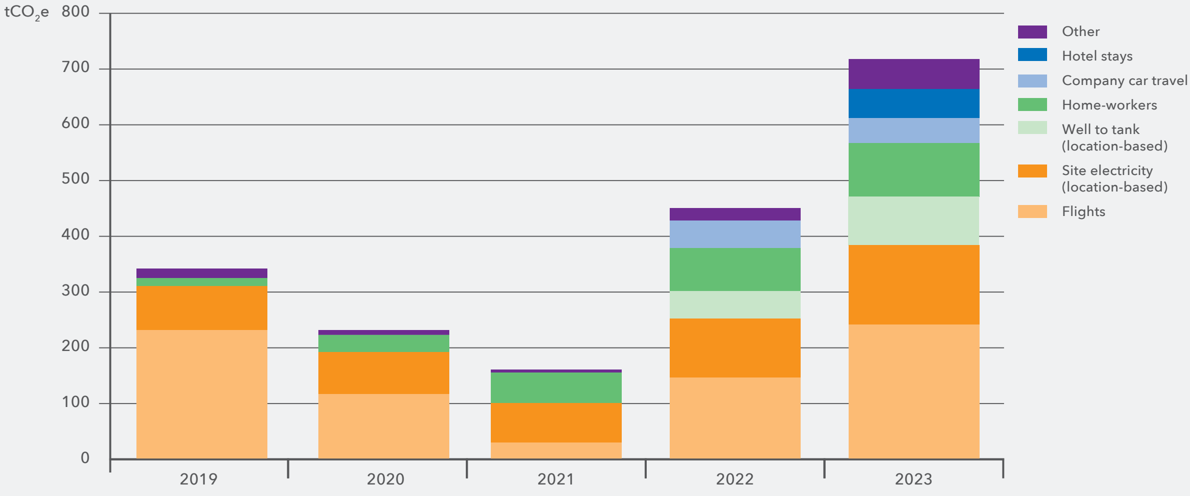
Planting trees for a greener future

Following the completion of IQGeo's corporate carbon footprint analysis and offsetting for 2023, the Company elected to continue its support for a tree planting programme in the UK.

This year we are planting two trees for every IQGeo employee as part of a project managed by UK Tree Planting. Verified by Carbon Footprint Ltd., the project is planting thousands of trees at schools and biodiversity sites across the UK.

Tree planting is a great way to sequester carbon emission for the future by absorbing carbon dioxide and produce oxygen, while improving the quality of the natural environment.

Total GHG emissions



01 Measure

02 Aim

03 Reduce

04 Offset

05 Communicate

06 Comply

Our stakeholders

IQGeo places a high priority on effective communication with our key internal and external stakeholders. Over the course of 2023 we expanded our communication channels, employing new digital resources, as well as more traditional face-to-face communication activities. Given the diverse nature of our stakeholders, we work to deliver appropriate and valuable content for our different audiences.

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

Partner ecosystems

IQGeo Americas Meetup, Denver

Denver

The IQGeo Americas Meetup provides excellent networking opportunities for customers, technology partners, and IQGeo staff. Delegates shared their challenges and successes to help create an active and engaged ecosystem.

Shareholders

How we engage

Our business success has attracted a wider range of shareholder profiles that are investing in IQGeo. To engage with this broader audience we continue to run online and in-person investor briefing sessions and in 2023 we ran our first live and broadcast Capital Markets Day event in London that attracted more than 150 attendees. The event included detailed presentations from the IQGeo management team and from existing customers who explained the value of the IQGeo software to their business.

We continue to host investor-specific information on the IQGeo website as well as a dedicated investor portal on Proactive Investors which includes video interviews with our CEO and CFO about strategic news announcements. In addition to our general eNewsletter distribution, we also distribute periodic investor eNewsletters with relevant financial and market information.

You can visit the Proactive Investors portal at: **https://www.proactiveinvestors.co.uk/LON:IQG/IQGeo-Group-PLC**

Employees

How we engage

Our team of talented employees are at the heart of our business success and as the organisation grows we are working to better target our communications. We continue to run monthly all-hands meetings for staff and in 2023 we also began a schedule of periodic face-to-face meetings in our larger offices around the world.

We launched a new internal Portal (intranet) for staff that provides a landing page for each department to communicate and post key information for their audiences. Our HR team has also expanded the benefits packages and development programmes available to employees.

Customers

How we engage

In 2023 we established Customer Success teams across all key areas of our business to support their technical requirements, reduce churn and ensure long-term ACV. We are actively running engagement activities that include our three global customer Meetup events that were held in Tokyo, Ghent and Denver.

In 2024 we have plans in place to establish additional outreach activities that will provide the latest product and training information.

Community and environment

How we engage

IQGeo promotes community engagement with our employees and participates in direct corporate initiatives. We provide all of our employees with time off work to volunteer for projects of their choice and the Company has donated to a wide range of local and international charitable causes.

Taking responsibility for our environmental impact, in 2023 we have again measured and offset our corporate carbon footprint. Refer to the "People and community" and "Environmental footprint" sections for more information.

Outcome of engagement

Our investors continued to demonstrate support for Board initiatives and activities throughout 2023 and we continue to receive very positive feedback on the overall trajectory of the business.

Key issues from materiality matrix

- 4 Equality & diversity
- 5 Culture, ethics & compliance
- 7 Competitive advantage

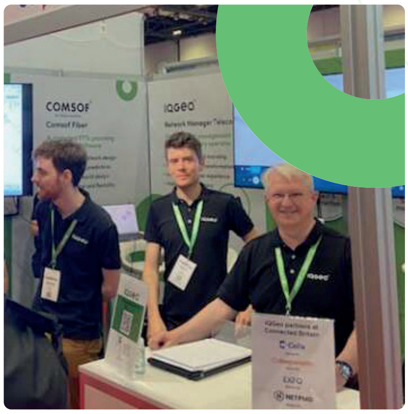
Outcome of engagement

We conduct an annual survey to measure employee satisfaction and our 2023 eNPS survey results continued to show strong engagement, with satisfaction levels above comparable software technology companies.

Refer to the "People and community" section for more information.

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



Outcome of engagement

Customer response to our Meetup events, webinars and product updates has been positive and the numbers of customers participating is growing steadily. Our overall customer net retention numbers increased in 2023 to 133% from 108% in 2022.

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

Outcome of engagement

IQGeo's carbon footprint has been fully documented from 2019 through 2023, providing a comprehensive view of our carbon emissions over the last five years. Since 2021 we have offset our carbon emissions to achieve Carbon Neutral Organisation status and we will continue to work with our colleagues to raise awareness and mitigate our collective carbon footprint.

Key issues from materiality matrix

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

Chief Financial Officer's statement

We are confident that we will continue to build market momentum in 2024 and beyond.

Haywood Chapman
Chief Financial Officer

New Logos Won

64

Recurring revenue growth of

+48%

Principal events and overview

2023 has seen continued improvement for the Group as we demonstrated significant growth across key financial metrics. In 2022, we achieved the major milestone of profitability at the adjusted EBITDA level and in 2023 the level of profitability has increased substantially, demonstrating good operating leverage, and for the first time we became cash flow positive. As we continue to be successful in the growing markets in which we operate, we will continue to grow revenue and achieve sustained profitability and cash inflows.

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 2023 and 2022 were as follows:

KPIs	**2023 £'000**	2022 £'000
Total revenue	**44,485**	26,592
Recurring revenue	**15,749**	10,610
Recurring revenue %	**35%**	40%
New ARR added in year	**9,007**	7,017
Exit recurring revenue run rate	**21,295**	15,081
Gross margin %	**60%**	59%
Adjusted EBITDA	**6,576**	1,898
Profit/(loss) for the year	**4**	(913)
Recurring revenue net retention	**133%**	108%
Recurring revenue order intake	**25,719**	21,957
Cash, net of debt	**10,954**	8,055

Revenue

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

Revenue by stream	2023 £'000	% of total revenue	2022 £'000	% of total revenue
Subscription	**12,728**	**29%**	8,107	31%
Maintenance and support	**3,021**	**7%**	2,503	9%
Recurring product revenue	**15,749**	**35%**	10,610	40%
Perpetual software	**4,355**	**10%**	1,138	4%
Demand points	**4,879**	**11%**	3,357	13%
Services	**18,776**	**42%**	10,527	39%
Non-recurring product revenue	**28,010**	**63%**	15,022	56%
Total product revenue	**43,759**	**98%**	25,632	96%
Geospatial services from third party products	**726**	**2%**	960	4%
Total revenue	**44,485**	**100%**	26,592	100%

Total revenue grew by 67% over the prior year to £44.5 million. Included in this was £8.8 million from Comsof (2022: £4.8 million) which meant that underlying organic revenue growth from the existing IQGeo business was 64%, increasing to £35.7 million.

Annual recurring revenues

Annual recurring revenue (ARR) arises from both subscription-based SaaS sales and also maintenance and support arrangements from licence sales. During 2023, the Group added a record new ARR of £9.0 million, which compares to the £5.3 million new ARR added in 2022, excluding the £1.7 million which was added via the acquisition of Comsof, delivering a 70% increase on a like-for-like basis. In 2022, the growth was 55% over the £3.4 million added during 2021, so demonstrable continued growth as the Group scales and continues to add new products.

The Exit ARR of the Group as of 31 December 2023 has increased by 41% to £21.3 million (2022: £15.1 million) or by 50% from £14.1 million on a constant currency basis. Although recurring revenues have increased by 48% to £15.7 million in 2023, recurring revenue percentage has decreased to 35% of all revenue, compared to 40% in 2022. The main reasons behind this are the growth in our services revenue, largely due to implementations for enterprise customers won in 2022 and 2023, and the full-year impact of the Comsof business which had approximately 15% recurring revenue when we acquired it.

The Group achieved a recurring revenue net retention figure of 133% (2022: 108%) which we are very pleased with and indicates the success of the "land and expand" strategy and reflects the Group's continued ability to grow existing customer accounts through new products and increasing the user count, along with excellent logo retention.

As indicated at the time of the Comsof acquisition, our plan was to change the business model for the Comsof business over time to increase the recurring revenue, selling the automated fibre planning module as a subscription product. We have been successful with this strategy, signing £2.2 million of the Comsof product as Annual Recurring Revenue. As a result of this, and the predicted stabilisation of services revenues going forward, we do expect the recurring revenue percentage to grow over the coming years, bringing increased visibility of revenues and cash flows as well as increased margins given the 85% gross margin that our recurring IQGeo product revenues bring.

Non-recurring revenues

Comsof revenue includes £4.9 million of demand points – revenue from the number of end points that the fibre planning software is used to plan for customers. This demand point revenue is similar to our perpetual licence revenue and is included in our non-recurring IQGeo product revenue. Sales of perpetual software licences have increased over the prior year, mainly as a result of increased sales to utility customers in the North American market who prefer a perpetual software offering. It is anticipated that this one-off revenue will continue to fluctuate year on year.

As the number of customers and new contract wins has increased, our associated service revenues from initial deployments and expansion orders have also grown by 78% over the prior year and the Group is heading into 2024 with a strong backlog of services orders. Labour backlog as at 31 December 2023 was £8.9 million (2022 £5.0 million).

Chief Financial Officer's statement continued

Non-recurring revenues continued

Services revenues have scaled significantly, increasing from £11.5 million in 2022 to £19.5 million in 2023 (both figures including the services performed on third party products), a growth of 70%, as we have been implementing enterprise solutions for the new customers that we have won both in 2022 and 2023.

Services revenue should also stabilise in 2024 due to the launch of our fully hosted out-of-the-box products such as the Insight and Professional editions of the software, but we know that the services "engine" allows us to win and implement the levels of new Annual Recurring Revenue, as well as the one-off licence revenues that we have won over the last two years.

In addition to revenue derived from consultancy services on own IP product, revenue is also derived from 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 our own product revenues.

Orders

Bookings of orders increased by 40% to £57.2 million during 2023 (2022: £41.0 million) and the closing order book relating to revenue to be taken in future years increased by 50%, from £27.5 million at 31 December 2022 to £41.2 million at 31 December 2023.

Gross profit

	2023 £'000	**Gross margin %**	2022 £'000	Gross margin %	Gross margin movement
Gross profit/gross margin	**26,702**	**60%**	15,665	59%	+1%

Gross margin percentage for the year was 60%. Despite the growth in lower margin services from 39% of total revenues in 2022 to 42% in 2023, services margins have increased slightly from 20% in 2022 to 23% in 2023. Recurring revenue and licences and demand points continue to have gross margins between 85% and 96% respectively. As services revenues stabilise going forward and we build our recurring revenues, we would expect gross margins to continue to grow in future years.

Operating expenses and adjusted EBITDA

Operating expenses were £26.2 million (2022: £17.2 million) and are summarised as follows:

	2023 £'000	2022 £'000
Other operating expenses	**20,126**	13,767
Depreciation	**613**	447
Amortisation	**3,292**	2,241
Share option expense	**774**	303
Unrealised foreign exchange (gain)/loss on intercompany trading balances	**290**	(574)
Non-recurring items	**1,085**	1,007
Total operating expense	**26,180**	17,191

FTTH Conference, Madrid

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 a full year of costs from the Comsof business that was only included from 22 August in 2022. In addition, and as the Group continues to scale, we have continued to grow headcount, recruiting a net new 37 heads during the year across all geographies and all areas within the business. As at 31 December 2023, there were 217 employees on the payroll. Operating costs are anticipated to increase in the future to drive further revenue growth albeit the Group has experienced significant operational gearing with Adjusted EBITDA increasing 247% off revenue growth of 67%.

Non-recurring items in 2023 mostly relate to a non-cash provision for the previously disclosed potential tax warranty claim related to the sale of the RTLS business in 2018. As set out in the 2022 annual report, the Group has been working with external advisers and the German tax authorities with regards to their enquiries into that business' historic tax arrangements. The Group has now been able to estimate that a payment is more likely than not to be required in around four years' time, and have made a provision as at 31 December 2023 of £965k in this regard. 2022 non-recurring costs relate to the Comsof acquisition costs and the costs of integrating the business with the IQGeo business. The Group are not aware of any other potential claims under the warranty provisions of this or any other corporate transaction undertaken by the Group in recent years.

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 profit in 2023 was £6.6 million (2022: £1.9 million).

The operating profit for the period was £0.5 million (2022: operating loss of £1.5 million), £1.6 million profit before non-recurring items (2022: £0.5 million loss).

EPS and dividends

Adjusted diluted earnings per share was 4.4 pence (2022: 0.6 pence). Reported basic and diluted earnings per share was 0.0 pence (2022: basic and diluted 1.6 pence loss).

The Board believes that the Group's financial resources provide flexibility and the resources to make investments to accelerate or promote growth, and does not feel it appropriate at this time to commence paying dividends.

Assets

Total assets were £50.1 million (2022: £41.6 million). Total current assets increased to £27.3 million (2022: £19.8 million).

Total non-current assets were £22.8 million (2022: £21.8 million). Goodwill decreased to £11.3 million (2022: £11.5 million) due to the foreign exchange movements. Capitalised development costs at 31 December 2023 were £5.5 million (2022: £3.7 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 £24.4 million (2022: £16.6 million) which includes an increase in deferred revenue of £4.9 million as would be expected in a business that is increasing annual recurring revenue through subscription-based customer contracts. Current liabilities also include £1.3 million of contingent consideration in respect of the Comsof acquisition. We expect to pay this deferred consideration in March 2024, reflecting the excellent performance of the Comsof business.

Total non-current liabilities decreased to £2.9 million (2022: £3.3 million) largely due to the payment of £1.3 million of contingent consideration for the Comsof acquisition in April 2023, offset by the £1.0 million warranty provision recognised in 2023.

Net assets

Net assets increased to £22.8 million (2022: £21.7 million).

Cash and cash flow

Operating cash before working capital movement was £6.5 million inflow (2022: £0.9 million). Cash inflow from operating activities after adjusting for working capital and tax was £9.9 million (2022: £2.5 million).

Given the annual in-advance payment profile of our subscription revenues, and in a company growing at rates the Group is, we would expect working capital to be a cash inflow "in relation to the OSPI acquisition.

The Group had investment outflows of £6.0 million (2022: £8.7 million) including £0.2 million for tangible assets (2022: £0.2 million) and £4.4 million on development investments in own products (2022: £2.9 million). In 2023, approximately 73% of R&D expenditure was capitalised (2022: 74%). The 2023 investment outflow figures also include £1.3 million paid in respect of the first earnout and contingent consideration for the Comsof business. The 2022 figures include £5.0 million paid for the acquisition of Comsof, net of £2.5 million cash acquired and £1.0 million on non-recurring costs related to the acquisition and integration of the Comsof business, together with £0.6 million of deferred payments in relation to the OSPI acquisition.

Cash outflows from financing activities were £0.4 million (2022: £3.1 million inflow). The 2023 outflow was due to office leases, offset by proceeds from share issues on exercise of share options. The 2022 inflow was primarily due to the fundraise associated with the placing of shares to assist funding of the Comsof acquisition, both completed in August 2022.

Going concern

As at 31 December 2023, the Group had £11.0 million of cash (2022: £8.1 million) and no debt. The Directors have prepared detailed cash flow projections including sensitivity analysis on key assumptions. The projections prepared until 30 June 2025 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

19 March 2024

Principal risks and risk management

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

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

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

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

Strategic risks

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.

Mitigation of risk

- 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 2023 was £21.3 million.
- Close monitoring of business development strategy and regular reviews of the sales opportunity pipeline at Board meetings.
- Head office support of regional office development in the event of accelerated regional growth.
- Development of systems and processes that can scale with the business while maintaining good financial management.
- Close monitoring of gross margin including resource allocation and utilisation on services projects.
- The costs within the business are closely monitored to ensure they remain in line with the growth trajectory, and cash flow outlook, of the business.

Strategy

Change

Dependence on key customers

The Group has a significant portion of Exit ARR concentrated with several substantially larger enterprises than the Group. The Group is reliant on significant projects with its key customers to deliver financial results. The conversion of opportunities to signed contracts and then the subsequent timing of the projects is not fully under the control of the Group.

Mitigation of risk

- 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 £2.0 million of new exit ACV from new logos in the year.
- Increase the breadth of the opportunity pipeline through recruitment of more quota-carrying sales and pre-sales personnel.
- The Group continues to invest in the key customer relationships that it has successfully retained over many years, while also maintaining a strategy to extend and diversify its customer base.

Strategy

Change

Increase | Decrease | No change
Regional growth | Transition to subscription | Product innovation

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.

Mitigation of risk

- Maintain regular communications with customers.
- Ensure appropriate level of resources are applied to key customer accounts. Net retention (increase in existing customer ACV) for 2023 is 133%.
- Deal with issues quickly through a clear escalation path.
- Investment in product enhancements with a focus on understanding customer needs.

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.

Mitigation of risk

- 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.
- A CTO has been recruited in 2023 to further increase focus on technology.

Strategy

Change

Operational risks

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.

Mitigation of risk

- 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. Employee benefits have been reviewed and improved in 2023.
- The Group has implemented Employer of Choice initiatives including career planning and organisational development.
- Succession planning in key positions across the business functions.

Change

Principal risks and risk management continued

Increase | Decrease | No change
Regional growth | Transition to subscription | Product innovation

Operational risks continued

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.

Mitigation of risk

- 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.

Change

International trade and geopolitical uncertainty

The Group is exposed to economic downturn within the markets in which it operates, including continued disruption following the UK's exit from the European Union on 31 January 2020, and geopolitical unrest in Ukraine and Israel.

Mitigation of risk

- IQGeo Europe NV and IQGeo Germany GmbH, Belgium and German-based subsidiaries of IQGeo Group plc, contract with customers based in the European Union, dependent on location.
- The Group's customer sales are spread across multiple territories which will partially mitigate against a downturn in any one region.
- The Group set up a new subsidiary company in Malaysia in 2023, to serve the APAC region.

Change

Digital infrastructure and cyber security

Breaches of the Group's digital security through cyber-attacks or otherwise, or failure of the Group's digital infrastructure, could seriously disrupt operations, including the provision of customer services, and result in the loss or misuse of sensitive information, legal or regulatory breaches resulting in potential liability, and reputational damage among the customer base leading to a decline in revenues.

Mitigation of risk

- The Group continues to invest in resources in enhancing site resilience and defences, improving network monitoring and reviewing the incident response processes to mitigate the impact of a security breach.
- The Group ensures all employees receive training and testing to improve their awareness of cyber-threats.
- Short and medium-term cyber security plans are regularly reviewed by the Board.
- ISO 27001 certification maintained in 2023 which involved review of processes in place across the Group.

Change

Financial risks

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.

Mitigation of risk

- The Group relies on a partial natural hedge of Canadian Dollar, US Dollar, Euros 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.

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.

Mitigation of risk

- 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.

Change

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

Internal control

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

The principal features of the system of internal financial controls include the following:

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

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

The strategic report was approved by the Board of Directors on 19 March 2024 and signed on its behalf by:

Haywood Chapman
Chief Financial Officer

19 March 2024

Board of Directors

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

Paul Taylor
Chair

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

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

Committees
N

Richard Petti
Chief Executive Officer

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

Other appointments
None

Committees
N/A

Haywood Chapman
Chief Financial Officer

Experience
Haywood has over 20 years' experience in senior finance roles within high growth listed and PE-backed organisations. He was previously CFO of Castleton Technology plc and has held senior finance roles with Infinity SDC and Northgate Information Solutions. Haywood is a qualified Chartered Accountant and gained M&A experience working in PwC's Transaction Services team. Haywood was appointed to the Board on 25 September 2020.

Other appointments
None

Committees
N/A

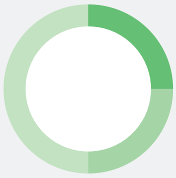
Dr. Robert Sansom
Non-Executive Director

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

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

Committees
N*

Length of tenure



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

Key:

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

Ian Kershaw
Non-Executive Director

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

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

Committees
A R I

Max Royde
Non-Executive Director

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

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

Committees
R*

Andy MacLeod
Non-Executive Director

Experience
Andy is now a professional non-executive director and tech industry adviser after retiring in 2018 from a 30-year career in the Telecoms industry. His last executive role was Regional CTO for the Africa, Middle East, Asia-Pacific and Americas Region at Vodafone Group, prior to which he spent seven years as the Group Chief Networks Officer, including an assignment to Verizon Wireless in the US as CTO. Since the early 1990s he has held CEO, COO and CTO positions in a number of major international telecommunications companies and has gained extensive experience as a director on the boards of large listed and private companies such as Eircom, Indus Towers, Vodafone Italy and ECI as well as smaller growth ventures such as Idex.ASA and Gfinity plc. 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

Carolyn Rand
Non-Executive Director

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

Other appointments
Carolyn is currently a non-executive director of PCI Pal Plc.

Committees
A* I

Corporate governance report

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

Our governance framework

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

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

Principle 1:	Establish a strategy and business model which promote long-term value for shareholders.	Read more on pages 20 and 21
Principle 2:	Seek to understand and meet shareholder needs and expectations.	Read more on pages 36 and 37
Principle 3:	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Read more on pages 30 to 35
Principle 4:	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Read more on pages 42 to 45
Principle 5:	Maintain the Board as a well-functioning, balanced team led by the Chair.	Read more on page 49
Principle 6:	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	Read more on pages 49 and 50
Principle 7:	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Read more on page 50
Principle 8:	Promote a corporate culture that is based on ethical values and behaviours.	Read more on page 50
Principle 9:	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Read more on pages 50 and 51
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 36 and 37

Overview of the Board

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

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

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

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

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

The Board invites senior management to attend specific Board meetings to discuss in detail aspects of performance and to gain greater insight on operations. Members of the Board visit the Group's global offices from time to time on an informal basis to talk to staff and join Company events where appropriate and possible.

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

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

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

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

The Board holds full meetings at least eight 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

Eight Board meetings were held in 2023.

Attendance at the meetings was as follows:		Total meetings attended
Paul Taylor	●●●●●●●●	8 (8)
Richard Petti	●●●●●●●●	8 (8)
Haywood Chapman	●●●●●●●●	8 (8)
Robert Sansom	●●●●●●●	7 (8)
Ian Kershaw	●●●●●●	6 (8)
Andy MacLeod	●●●●●●●	7 (8)
Max Royde	●●●●●●	6 (8)
Carolyn Rand	●●●●●●●●	8 (8)

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

Experience, skills and capabilities of the Board

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

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

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

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

Evaluation of Board performance

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

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

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

Promotion of corporate culture

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

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

Appointed sub-committees

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

Board composition

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

Length of tenure

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

Board

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

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

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

Audit Committee report

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

Carolyn Rand
Chair of the Audit Committee

Carolyn Rand (Chair)	Ian Kershaw
4 (4)	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 2023.

The Audit Committee consists of the Chair and an independent Non-Executive Director, who between them have a balance of financial experience and business knowledge across a broad range of industries and sectors. There were no changes in the Committee structure in 2023, with Carolyn Rand remaining as Chair and Ian Kershaw as an Independent Director.

During the period under review, the Committee 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.

A summary of Committee composition and attendance is as follows:

	Audit Committee
Carolyn Rand (Chair)	4 (4)
Ian Kershaw	4 (4)

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

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

- Financial reporting
  - Monitoring the integrity of the financial statements of the Group, reviewing any significant reporting issues and judgements they contain
  - Advising on the clarity of disclosure and information contained in the Annual Report and Accounts
  - Ensuring compliance with applicable accounting standards and reviewing the consistency of methodology applied
- External audit
  - Recommending the appointment, re-appointment or removal of the external auditor
  - Overseeing 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
  - Reviewing the Group's whistleblowing policies and procedures
- Internal control
  - Reviewing management's and the internal auditor's report on the effectiveness of systems for internal financial control, financial reporting and risk management; together with monitoring management's responsiveness to their findings

Activities of the Committee during the year

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

- Accounting policies applied in respect of the acquisition of Comsof in the prior year 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 9.3 to the financial statements. The non-audit services charged by Grant Thornton UK in 2023 relate to the review of half-year results, and the provision of tax advisory services related to its affiliates, Grant Thornton G, based in Germany. The Audit Committee was satisfied that safeguards are adequately observed to ensure no issues arise impacting upon the auditor's independence

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

Remuneration Committee report

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

Max Royde
Chair of the Remuneration Committee

Max Royde (Chair)	Ian Kershaw
2 (2)	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 Officer

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

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

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

A summary of Committee composition and attendance is as follows:

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

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

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 (increasing to 6% from 1 January 2024) 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.

Directors' remuneration

The Directors received the following remuneration during the year:

Director	Basic salary £'000	Benefits in kind £'000	Performance payments £'000	2023 total excluding pensions £'000	Pensions £'000	**Total 2023 £'000**	Total 2022 £'000
Richard Petti[1]	275	3	265	543	6	**549**	414
Haywood Chapman[2]	205	3	205	413	11	**425**	295
Executive Directors	480	6	470	956	17	**973**	709
Paul Taylor[3]	85	—	—	85	—	**85**	85
Robert Sansom[4]	—	—	—	—	—	**—**	—
Ian Kershaw[5]	38	—	—	38	—	**38**	35
Max Royde[6]	43	—	—	43	—	**43**	35
Andy MacLeod[7]	38	—	—	38	—	**38**	35
Carolyn Rand[8]	43	—	—	43	—	**43**	35
Non-Executive Directors	245	—	—	245	—	**245**	225
Total	725	6	470	1,201	17	**1,218**	934

1. Richard Petti is entitled to a performance-related bonus of up to £265,000 and receives a car allowance of £9,000, which is paid in cash and included within basic salary above. Richard was appointed as a Director of the Company on 14 December 2017.
2. Haywood Chapman is entitled to a performance-related bonus of up to £205,000. Haywood was appointed as a Director of the Company on 25 September 2020.
3. Paul Taylor was confirmed as Chair of the Company on 19 February 2019. The annual remuneration of the appointment is £85,000 effective 1 April 2021 (2020: £80,000).
4. Robert Sansom was appointed Non-Executive Director of the Company on 16 December 2005 and has waived his entitlement to annual remuneration of £42,500, which includes £5,000 per annum whilst Chair of the Nomination Committee (2022: £35,000 waived).
5. Ian Kershaw was appointed Non-Executive Director of the Company on 23 May 2015. The annual remuneration of the appointment is £37,500 effective 1 January 2023 (2022: £35,000).
6. Max Royde was appointed Non-Executive Director of the Company on 31 October 2019. The annual remuneration of the appointment is £37,500 effective 1 January 2023 with an additional £5,000 per annum whilst Chair of the Remuneration Committee (2022: £35,000) which is paid by way of a fee to Kestrel Partners LLP.
7. Andy MacLeod was appointed Non-Executive Director of the Company on 21 June 2019. The annual remuneration of the appointment is £37,500 effective 1 January 2023 (2022: £35,000).
8. Carolyn Rand was appointed Non-Executive Director of the Company on 26 May 2021. The annual remuneration of the appointment is £37,500 effective 1 January 2023 with an additional £5,000 per annum whilst Chair of the Audit Committee (2022: £35,000).

Share options

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

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

On 15 June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to Directors and employees of the Group. IQGeo Group plc granted a total of 2,221,000 options of two pence each in the Company during 2020 to the Directors, 330,000 options of two pence each during 2021, 230,000 shares of two pence each during 2022 and 250,000 shares of two pence each during 2023, under the same scheme with varying exercise prices as set out below. The options vest in portions of one-third on the first, second and third anniversaries of grant and have no further performance conditions other than ongoing employment on the date of vesting and of exercise. Awards will be subject to a two-year holding period from vesting point, with participants only permitted to sell shares sufficient to cover the exercise cost and any tax liability within this holding period.

Director	Award date Year	Fully vests Year	Expires Year	Exercise price £	Awards outstanding at 1 January 2023 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	**Awards outstanding at 31 December 2023 Number**	**Awards exercisable at 31 December 2023 Number**
Richard Petti	2020	2023	2030	0.460	1,600,000	–	–	–	**1,600,000**	**1,600,000**
Richard Petti	2021	2024	2031	1.050	150,000	–	–	–	**150,000**	**100,000**
Richard Petti	2022	2025	2032	1.134	150,000	–	–	–	**150,000**	**50,000**
Richard Petti	2023	2026	2033	2.100	–	160,000	–	–	**160,000**	**–**
Paul Taylor	2020	2023	2030	0.460	121,000	–	–	–	**121,000**	**121,000**
Haywood Chapman	2020	2023	2030	0.675	500,000	–	–	–	**500,000**	**500,000**
Haywood Chapman	2021	2024	2031	1.050	180,000	–	–	–	**180,000**	**120,000**
Haywood Chapman	2022	2025	2032	1.134	80,000	–	–	–	**80,000**	**26,666**
Haywood Chapman	2023	2026	2033	2.100	–	90,000	–	–	**90,000**	**–**
Total					2,781,000	250,000	–	–	**3,031,000**	**2,517,666**

Nomination Committee report

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.

Dr. Robert Sansom
Chair of the Nomination Committee

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

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

A summary of Nomination Committee composition and attendance is as follows:

Total meetings attended by Robert Sansom (Chair) were 2 (2) and by Paul Taylor were 2 (2). Figures in brackets denote the maximum number of meetings that could have been attended by that person.

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

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 2023. The corporate governance report set out on pages 48 to 51 forms part of this report.

Incorporation and constitution

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

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

Principal activity

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

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

Business review and key performance indicators

The Group's results are set out in the consolidated income statement on page 69 and are explained in the Chief Financial Officer's statement on pages 38 to 41. A detailed review of the business, its results and future direction is included in the Chair's statement on pages 6 and 7.

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 the year, 252,873 new shares were issued on exercise of employee share options.

As at 31 December 2023, the Company had 61,691,490 ordinary shares in issue (2022: 61,438,617).

Substantial shareholdings

As at 31 December 2023, the Company had been notified of the following significant interests in its ordinary share capital:

	Total holding Number	% of issued share capital
Kestrel Partners	16,649,322	26.99
Columbia Threadneedle Investments	9,569,932	15.51
Charles Stanley (retail)	6,344,132	10.28
Canaccord Genuity Group Inc	5,850,000	9.48
Robert Sansom	4,420,729	7.17
Herald Investment Management	2,740,585	4.44
Hargreaves Lansdown	2,128,89	3.45

Directors

The Directors serving at 31 December 2023 were as follows:

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

Board changes

There were no changes in the year (2022: no changes).

Directors' interests – shares

Directors' interests in the ordinary shares of IQGeo Group plc at 31 December 2023 were as follows:

	2023 Number	2022 Number
Paul Taylor	**263,562**	263,562
Richard Petti	**235,442**	221,077
Haywood Chapman	**96,228**	131,228
Robert Sansom	**4,420,729**	4,420,729
Ian Kershaw	**89,434**	79,678
Andrew MacLeod	**104,103**	104,103
Carolyn Rand	**10,000**	10,000
Total	**5,219,498**	5,230,377

Max Royde has no direct interest in the ordinary shares of IQGeo Group plc but is a partner with the significant shareholder Kestrel Partners. During the year, Richard Petti acquired 10,959 shares at a price of 209.86 pence per share on 11 April 2023 and 3,406 shares at a price of 299 pence per share on 4 August 2023. Also during the year, Ian Kershaw acquired 9,756 shares at a price of 246 pence per share on 27 November 2023.

Since 31 December 2023, Robert Sansom has sold 1,065,000 shares at a price of 303 pence per share on 19 January 2024, leaving him with a holding of 3,355,729 shares. There have been no other changes in the Directors' interests set out above between 31 December 2023 and 19 March 2024.

Directors' interests

Details of Directors' remuneration and share options are provided in the Remuneration Committee report on pages 55 and 56. 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 (2022: £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
19 March 2024

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 have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and 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 are satisfied that 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 accounting and estimates that are reasonable and prudent
- state whether applicable UK-adopted international accounting standards have been followed, for the Group financial statements and UK Accounting Standards have been followed, for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent 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 and the Directors' Remuneration report 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 that 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 2023, 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 2023 and of the group's profit 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:

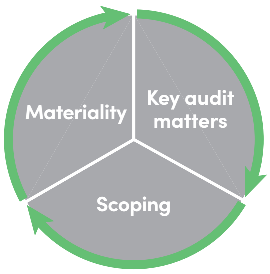
- Obtaining management's base-case cash flow forecast covering the period to 30 June 2025, assessing how this forecast was compiled and evaluating supporting information.
- Assessing the accuracy of management's historical forecasting by comparing management's forecasts for the years ended 31 December 2023 and 31 December 2022 to the actual results for those periods and considering the impact on the base-case cash flow forecast.
- Performing analysis on the base-case forecast, assessing the impact of changes in key assumptions on the cash flow forecast, including management's downside scenarios. We considered the assumptions for consistency with our understanding of the business, derived from other detailed audit work undertaken.
- Evaluating management's reverse stress test to identify the scenario which would result in the group depleting its cash resources and assessing the probability of such a scenario. We also considered the reasonableness of mitigating actions identified by management.
- Assessing whether there are indicators of events or circumstances, which may cast doubt on the group's and the parent company's ability to continue as a going concern beyond management's period of assessment.
- Evaluating the group's disclosures on going concern for compliance with the requirements of IAS 1 'Presentation of financial statements'.

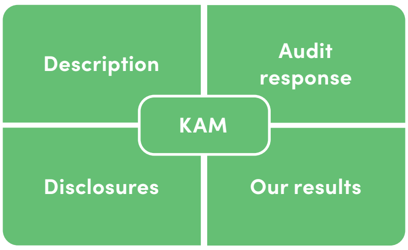
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflation, we assessed and challenged the reasonableness of estimates made by the directors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

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.





Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £667,000, which represents 1.5% of the group's revenue.

Parent company: £528,000, which represents approximately 1% of the parent company's total assets.

We identified the improper recognition of revenue due to fraud (same as previous year) as a key audit matter in the current year.

Our auditor's report for the year ended 31 December 2022, included four key audit matters that have not been reported as key audit matters in our current year's report. These relate to

- valuation of goodwill and acquired intangible assets recognised on the Comsof NV acquisition since there were no similar transactions in the current year;
- capitalised development costs may be impaired due to the absence of indicators of impairment in line with improvement in business performance and amortisation of these costs over their estimated useful lives of three years;
- capitalisation of development costs may not be appropriate - this is considered to be subject to significant management judgement; however, there are policies and procedures in place for capitalising costs and there is active involvement of project managers, IT team, and finance team in the process;
- recoverable value of investments and amounts due from subsidiary undertakings (parent company only) due to the level of headroom in management's assessment.

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

We performed audit of specified financial statement line items to component materiality for IQGeo UK Limited and to group materiality for IQGeo Japan KK and IQGeo Germany GmbH.

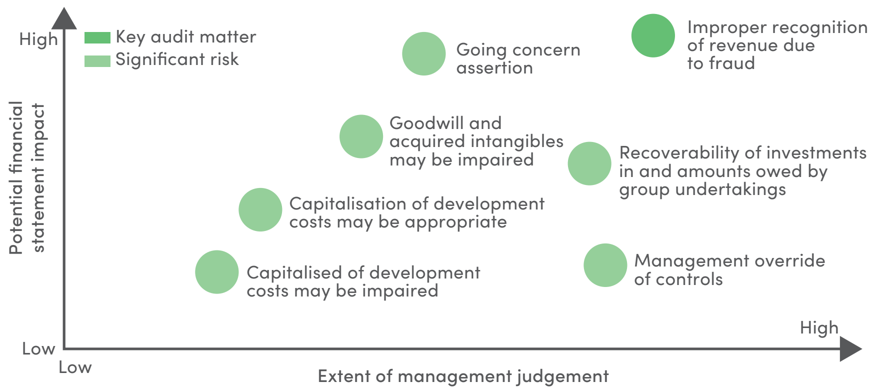
We performed analytical procedures on the financial information of the non-significant components of the group namely IQGeo Limited, IQGeo Solutions Canada Inc and IQGeo Malaysia Sdn Bhd.

In the prior year IQGeo UK Limited was a significant component. This is no longer the case in the current year, as we have assessed significance based on the proportion of group revenue generated by each entity and revenue recognised by IQGeo UK Limited was below our threshold for the current 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 and significant risks relevant to the audit.



Key Audit Matter – Group	How our scope addressed the matter – Group

Improper recognition of revenue due to fraud
We identified the improper recognition of revenue due to fraud as one of the most significant assessed risks of material misstatement due to fraud.
Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a rebuttable presumption that there is a risk of fraud in revenue recognition. There is a risk with regard to occurrence of revenue recognised during the year and revenue not being recognised in accordance with the group's accounting policies.
The group has recognised revenue of £44.5m (2022: £26.6m) during the current year. The group's revenue includes sales of software, maintenance and support, software subscription, labour and installation services. The group's revenue is material to the financial statements and comprises multiple distinct performance obligations which brings complexity to how revenue is recognised.
Relevant disclosures in the Annual Report
Financial statements: Note 3, Summary of significant accounting policies – group's accounting policy on revenue recognition; and Note 4, Critical accounting judgements and key sources of estimation and uncertainty.
	In responding to the key audit matter, we performed the following audit procedures:
	• We gained an understanding of the revenue recognition and performed walkthroughs of the relevant controls to assess the design effectiveness of such controls.
	• We assessed whether the revenue recognition policies in place complied with the accounting standards.
	• For each of the customers selected, we obtained the master or overarching agreement, statements of work or other documentation which form the contract with the customer and considered management's application of the five-step model of IFRS 15 Revenue from contracts with customers ("IFRS 15").
	• The below procedures were performed to verify that the revenue transactions were valid, had occurred, and were recognised in line with the group's accounting policies and IFRS 15:
	  ◦ For revenue arising from sale of software, we verified that the customer had accessed and initiated the use of the software, indicating that control over the licence had been transferred.
	  ◦ For subscription, and maintenance and support revenue, we verified that revenue was recognised in line with the contract period through recalculation.
	  ◦ For services revenue (such as training, consultancy, and installation) based on time and materials, we verified the number of hours completed at the end of the year and the rate used by management to calculate revenue to the group's project management system. For fixed-fee contracts, we verified the percentage of completion to the project management system. We recalculated revenue based on the information gathered and verified the progress of satisfaction of the performance obligation by checking receipts from customers and communications with customers, and by considering subsequent progress of the projects.
	• To aid our testing of the revenue recognised in the year and its accuracy, we also performed a test of details by vouching a sample of invoices raised in the year and receipts from customers during the year and post year end. Concurrently, for each customer, we calculated the expected deferred or accrued income balance at year-end.
	Our results
	Based on our audit work, we have not identified any material misstatements in the occurrence of revenue recognised during the year or any instances of revenue not being recognised in accordance with the stated accounting policies.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

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.

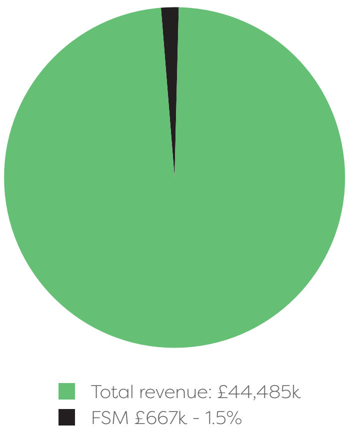
Materiality was determined as follows:

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	£667,000 (2022: £368,000), which represents 1.5% of group revenue. The range of component materialities used across the group was £266,800 to £533,600.	£528,000 (2022: £239,000), which represents 1% of total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • We evaluated a range of benchmarks, including revenue, profit before tax and total assets. Consistent with the prior year we determined materiality based on revenue as it is reflective of the activity levels and scale of the group's business. • Materiality for the current year is higher than the level that we determined for the year ended 31 December 2022 to reflect the increase in the group's revenue for the year.	In determining materiality, we made the following significant judgements: • The parent company does not generate trading revenues and holds investments in subsidiaries. • We considered that total assets is the appropriate benchmark to use and the most appropriate percentage to be 1% based on the size and the complexity of the parent company. • We considered the proportion of the total assets held in the parent company comparatively to the group. • Materiality for the current year is higher than the level that we determined for the year ended 31 December 2022 as the prior year materiality was capped in line with group materiality.
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	£466,900 (2022: £257,600), which is 70% (2022: 70%) of financial statement materiality.	£370,000 (2022: £167,300), which is 70% (2022: 70%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • Our understanding of the entity, updated during the performance of risk assessment procedures; • Any significant changes in business objectives or strategies and key management personnel; and • Our experience with auditing the financial statements of the group in previous years (for example, the level of uncorrected misstatements and any significant control deficiencies identified in the prior year).	In determining performance materiality, we made the following significant judgements: • Our understanding of the entity, updated during the performance of risk assessment procedures; • Any significant changes in business objectives or strategies and key management personnel; and • Our experience with auditing the financial statements of the parent company in previous years (for example, the level of uncorrected misstatements and any significant control deficiencies identified in the prior year).

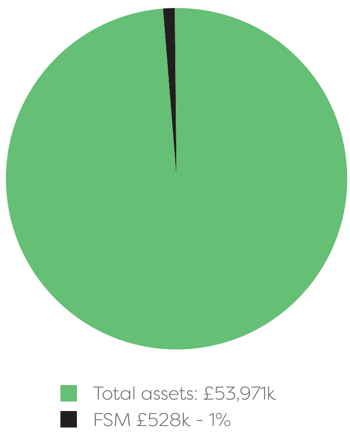
Materiality measure	Group	Parent company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions	We determined a lower level of specific materiality for the following area: • Directors' remuneration; and • Related party transactions
Communication of misstatements to the Audit Committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£33,400 (2022: £18,400), which represents 5% of the group materiality and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£26,400 (2022: £12,000), which represents 5% of the parent company materiality and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

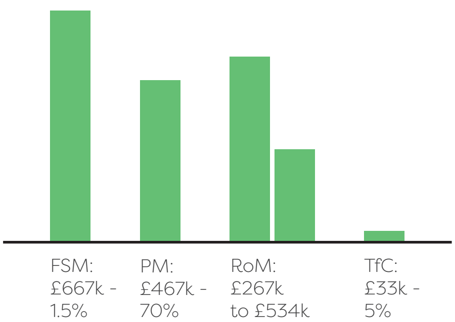
The graph below illustrates how performance materiality and the range of component materiality interacts with our overall materiality and the threshold for communication to the audit committee

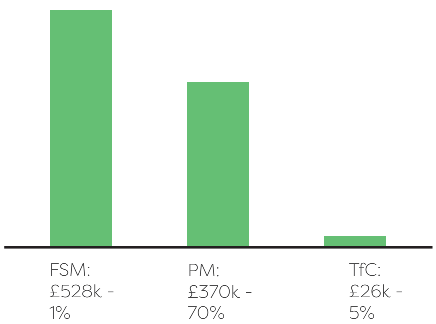
Overall materiality – Group



Overall materiality – Parent







FSM: Financial statement materiality, PM: Performance materiality, RoM: Range of materiality at components, TfC: Threshold

Independent auditor's report continued

to the members of IQGeo Group plc

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 groupwide controls, and assessed the risks of material misstatement at the group level. In addition, we evaluated the design and implementation of controls over the financial reporting systems identified as part of our risk assessment. With respect to the risk of fraud in revenue recognition we evaluated the design of controls in addition to performing substantive procedures.
- The group's finance function is based at the group's head office in Cambridge, UK, which provides accounting and administrative support for the group's operations.
- The group has centralised processes and controls over the key areas of audit focus. Group management are responsible for accounting judgements and estimates.

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 component's contribution to the group's revenue. We also considered the components' specific nature or circumstances.
- In assessing the risk of material misstatement to the group financial statements we assessed the significance of each component and determined the planned audit response based on a measure of materiality assigned to the components.
- Three components (the parent company, IQGeo America Inc and IQGeo Europe NV) were identified as individually financially significant components through assessing their relative share of the key financial benchmark, revenue. We selected additional components based on our assessment of the risk of material misstatement to the group and identified IQGeo UK Limited, IQGeo Japan KK and IQGeo Germany GmBH to be material but not significant to the group.

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

- The procedures performed in respect of the parent company and other financially significant components included all our audit work on the identified key audit matter as described in the key audit matters section of our report.
- The following type of work was performed based on the components relative materiality to the group and assessment of audit risk:
  - audit of the financial information of IQGeo Group plc (parent company), IQGeo America Inc and IQGeo Europe NV using the determined component materialities;
  - audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) to component materiality for IQGeo UK Limited, IQGeo Japan KK and IQGeo Germany GmBH;
  - analytical procedures on the financial information of the non-significant components of the group: IQGeo Limited, IQGeo Solutions Canada Inc and IQGeo Malaysia Sdn Bhd.

Performance of our audit

- As noted above, the group has a centralised finance function, based at the group's head office in Cambridge, UK. All procedures were performed by the group engagement team, there are no component auditors.
- The total percentage coverage of full-scope audit and specific-scope audit over the group's revenue was 80% and group's total assets was 87%.

Audit approach	No. of components	% coverage total assets	% coverage revenue
Full-scope audit	3	74%	80%
Specific-scope audit	3	13%	0%
Analytical procedures	3	13%	20%

Changes in approach from previous period

- In the prior year, we identified IQGeo UK Limited as a significant component of the group. In the current year, after consideration of the component's activities, we reassessed its status to be material but not significant to the group.
- There have been no other changes to the scope of procedures for certain components based on their relative significance to the group.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 60, 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.

Independent auditor's report continued

to the members of IQGeo Group plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Love
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London

19 March 2024

Consolidated income statement

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	5	**44,485**	26,592
Cost of revenue		**(17,783)**	(10,927)
Gross profit		**26,702**	15,665
Operating expenses		**(26,180)**	(17,191)
Operating profit/(loss)		**522**	(1,526)
Analysed as:			
Gross profit		**26,702**	15,665
Other operating expenses		**(20,126)**	(13,767)
Adjusted EBITDA		**6,576**	1,898
Depreciation	13, 14	**(613)**	(447)
Amortisation	12	**(3,292)**	(2,241)
Share option expense		**(774)**	(303)
Unrealised foreign exchange gains/(losses) on intercompany trading balances		**(290)**	574
Non-recurring items	9	**(1,085)**	(1,007)
Operating profit/(loss)		**522**	(1,526)
Finance income	8	**15**	–
Finance costs	8	**(480)**	(288)
Profit/(loss) before tax		**57**	(1,814)
Income tax	10	**(53)**	901
Profit/(loss) for the year		**4**	(913)
Basic and diluted earnings/(loss) per share (pence)	11	**0.0**	(1.6)

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	2023 £'000	2022 £'000
Profit/(loss) for the year	**4**	(913)
Other comprehensive income:		
Exchange difference on retranslation of net assets and results of overseas subsidiaries	**128**	417
Total comprehensive profit/(loss) for the year	**132**	(496)

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Ordinary share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022	1,150	22,507	454	476	959	(1,854)	238	(6,779)	17,151
Loss for the year	—	—	—	—	—	—	—	(913)	(913)
Exchange difference on retranslation of net assets and results of overseas subsidiaries	—	—	—	—	—	417	—	—	417
Total comprehensive loss for the year		—	—	—	—	417	—	(913)	(496)
Exercise of share options	4	109	(30)	—	—	—	—	30	113
Issue of shares – acquisition (Comsof)	16	—	—	—	957	—	—	—	973
Deferred consideration – (OSPI)	3	—	—	—	237	—	—	—	240
Issue of shares – associated costs	—	(95)	—	—	—	—	—	—	(95)
Issue of shares – fundraise	56	3,444	—	—	—	—	—	—	3,500
Lapse of share options	—	—	(93)	—	—	—	—	93	—
Equity-settled share-based payment	—	—	303	—	—	—	—	—	303
Transactions with owners	79	3,458	180	—	1,194	—	—	123	5,034
Balance as at 31 December 2022	1,229	25,965	634	476	2,153	(1,437)	238	(7,569)	21,689
Profit for the year	—	—	—	—	—	—	—	4	4
Exchange difference on retranslation of net assets and results of overseas subsidiaries	—	—	—	—	—	128	—	—	128
Total comprehensive profit for the year	—	—	—	—	—	128	—	4	132
Exercise of share options	5	168	(49)	—	—	—	—	49	173
Lapse of share options	—	—	(23)	—	—	—	—	23	—
Equity-settled share-based payment	—	—	774	—	—	—	—	—	774
Transactions with owners	5	168	702	—	—	—	—	72	947
Balance as at 31 December 2023	**1,234**	**26,133**	**1,336**	**476**	**2,153**	**(1,309)**	**238**	**(7,493)**	**22,768**

Consolidated statement of financial position

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Intangible assets	12	**20,830**	20,029
Property, plant and equipment	13	**382**	310
Right-of-use assets	14	**1,624**	1,480
Total non-current assets		**22,836**	21,819
Current assets			
Trade and other receivables	15	**16,330**	11,064
Corporation tax receivable		**—**	662
Cash and cash equivalents	16	**10,954**	8,055
Total current assets		**27,284**	19,781
Total assets		**50,120**	41,600
Liabilities			
Current liabilities			
Trade and other payables	17	**(23,806)**	(16,217)
Lease liabilities	20	**(629)**	(417)
Total current liabilities		**(24,435)**	(16,634)
Non-current liabilities			
Deferred income tax liabilities	10	**(596)**	(802)
Trade and other payables	17	**—**	(996)
Provisions	18	**(965)**	—
Lease liability obligations	20	**(1,356)**	(1,479)
Total non-current liabilities		**(2,917)**	(3,277)
Total liabilities		**(27,352)**	(19,911)
Net assets		**22,768**	21,689
Equity attributable to owners of the Company			
Ordinary share capital	21	**1,234**	1,229
Share premium	21	**26,133**	25,965
Share-based payment reserve		**1,336**	634
Capital redemption reserve		**476**	476
Merger relief reserve		**2,153**	2,153
Translation reserve		**(1,309)**	(1,437)
Other reserves		**238**	238
Retained earnings		**(7,493)**	(7,569)
Equity attributable to shareholders of the Company		**22,768**	21,689

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2024 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 2023

	Notes	2023 £'000	2022 £'000
Profit/(loss) before tax from operating activities		**57**	(1,814)
Depreciation	13, 14	**613**	447
Amortisation	12	**3,292**	2,241
Unrealised foreign exchange (gain)/loss on intercompany trading balances		**290**	(574)
Share-based payment charge		**774**	303
Finance income	8	**(15)**	–
Finance costs	8	**480**	288
Movement in provision	18	**965**	–
Operating cash flows before working capital investment		**6,456**	891
Change in receivables		**(4,604)**	(6,039)
Change in payables		**7,589**	7,051
Cash used in operations before tax		**9,441**	1,903
Net income taxes received		**507**	607
Net cash flows from operating activities		**9,948**	2,510
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(245)**	(170)
Expenditure on intangible assets	12	**(4,434)**	(2,900)
Acquisition of subsidiaries, net of cash acquired	6	**(1,319)**	(5,613)
Interest received		**15**	–
Net cash flows used in investing activities		**(5,983)**	(8,683)
Cash flows from financing activities			
Payment of lease liability	20	**(602)**	(444)
Proceeds from the issue of ordinary share capital on exercise of options		**173**	103
Proceeds from the issue of ordinary share capital from fundraising, net of associated costs		**–**	3,405
Net cash flows (used in)/generated from financing activities		**(429)**	3,064
Net increase/(decrease) in cash and cash equivalents		**3,536**	(3,109)
Cash and cash equivalents at start of period		**8,055**	11,499
Exchange difference on cash and cash equivalents		**(637)**	(335)
Cash and cash equivalents at year end	16	**10,954**	8,055

Notes to the consolidated financial statements

for the year ended 31 December 2023

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 2023, was 309.0 pence per share (31 December 2022: 188.5 pence per share).

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

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

The consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2024.

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 2022 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 2023, 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.

- Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)
- Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
- Amendment – Non-current Liabilities with Covenants (Amendment to IAS 1)
- Lack of Exchangeability (Amendment to IAS 21)

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

3 Summary of significant accounting policies

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

Basis of preparation

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

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

Going concern basis

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

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

In reaching their going concern conclusion, the Directors have considered that the Group had cash of £11.0 million as at 31 December 2023 and sufficient working capital to continue operations. Management have also prepared analysis including downside scenarios considering the impact of limited revenue growth and reduced margins. This demonstrates that even in the event of a significant downturn in performance, cash reserves are sufficient to continue trading. A reverse stress test scenario has also been considered, demonstrating that a depletion of all cash reserves would require an implausible fall in revenue and margins.

The Group's forecasts and projections to 30 June 2025, 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 of during the year are accounted for using acquisition method principles from, or up to, the date control passed. Intra-group transactions and balances are eliminated on consolidation. All subsidiaries use uniform accounting policies for like transactions and other events and similar circumstances.

Foreign currencies

a. Functional and presentation currency

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

b. Transactions and balances

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

c. Consolidation

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

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

Business reporting

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

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

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

Revenue recognition

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

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

Recurring IQGeo Product revenue – subscription

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

Recurring IQGeo Product revenue – maintenance and support

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

Perpetual software

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

3 Summary of significant accounting policies continued

Revenue recognition continued

Perpetual software continued

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

Demand points revenue (Comsof products)

Annual licence revenue

For Comsof software products which are sold within an agreement based on demand points and which contain an annual licence renewal, revenue is recognised annually upfront, when the software is available to the customer for use, provided that all obligations associated with the sale of the licence have been fulfilled. Hosting or associated services within the same agreement are recognised over time, reflecting the time over which the customer receives the benefits of the services. This reflects that whilst the contractual term may extend across multiple annual renewals, there is a trigger at the annual renewal which if not met could cause the contract to be terminated.

Term licence revenue

For Comsof software products which are sold within an agreement based on demand points, which is for a fixed period, but which does not contain an annual licence renewal, revenue is recognised in full upfront, when the software is made available to the customer for use, provided that all obligations associated with the sale of the licence have been fulfilled. Hosting or associated services within the same agreement are recognised over time. This reflects that the customer has the benefit of the software for the duration of the term contract.

Services

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

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

Timing of payment

Maintenance and support income and subscription income is invoiced annually in advance at the commencement of the contract period. Software and demand points are invoiced on delivery. Services are invoiced either on a time and deliverables basis monthly in arrears, or on completion of milestones. Other revenue is invoiced based on the contract terms in accordance with performance obligations. Our standard payment terms are 30 days from date of invoice, however management discretion can be applied for significant contracts.

Contract assets and contract liabilities

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.

Adjusted EBITDA

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.

Interest income and expense

Interest income and expense is included in the consolidated income statement, 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.

During the current and prior year IQGeo UK Limited has and intends to submit claims for UK Research and Development tax credit relief ('R&D tax claim') under the HMRC SME scheme. In 2023 this forms part of the unrecognised deferred tax asset in the UK.

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.

3 Summary of significant accounting policies continued

Research and development continued

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

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

Other intangible assets

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

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

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

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

Acquired software recognised following a business combination is amortised on a straight-line basis over its useful economic life, which is three to five 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 and leasehold improvements: 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 the 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 are classified into the following categories:

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

The classification is determined by both:

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

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

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

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

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

Trade receivables

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

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

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

Classification and measurement of financial liabilities

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

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the profit or loss.

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.

3 Summary of significant accounting policies continued

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 2023 is £5.5 million (2022: £3.7 million).

After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Revenue recognition

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

For each identified significant performance obligation, management are required to determine which obligations meet the criteria to recognise revenue over time. As revenue from fixed price services agreements is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. This requires an estimate of the time and value to deliver the services to be provided, based on historical experience with similar contracts. In a similar way, recognising revenue requires the estimated number of hours required to complete the promised work. For further detail on the specific nature of revenue streams recognised by the Group, refer to the revenue recognition section within note 3.

Deferred tax

A deferred tax asset is recognised where the Group considers it probable that future taxable profits will be available against which the tax credit will be utilised in the future. This specifically applies to tax losses and to outstanding vested share options at the statement of financial position date. In estimating the amount of the deferred tax asset that should be recognised, the Directors make judgements based on current budgets and forecasts about the amount of future taxable profits and the timings of when these will be realised. As at 31 December 2023, deferred tax assets have not been recognised in respect of existing tax losses and equity-settled share options temporary differences, because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

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 sales over the preceding three years for each product capitalised. For the majority of products capitalised, these sales support management's assessment that no indication of impairment exists. Where these 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.

5 Business information

5.1 Operating segments

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

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

5.2 Revenue by type

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

Revenue by stream	**2023 £'000**	**% of total revenue**	2022 £'000	% of total revenue
Subscription	**12,728**	**29%**	8,107	31%
Maintenance and support	**3,021**	**7%**	2,503	9%
Recurring IQGeo product revenue	**15,749**	**35%**	10,610	40%
Perpetual software	**4,355**	**10%**	1,138	4%
Demand points software	**4,879**	**11%**	3,357	13%
Services	**18,776**	**42%**	10,527	39%
Non-recurring IQGeo product revenue	**28,010**	**63%**	15,022	56%
Total IQGeo product revenue	**43,759**	**98%**	25,632	96%
Geospatial services on third party products	**726**	**2%**	960	4%
Total revenue	**44,485**	**100%**	26,592	100%

Notes to the consolidated financial statements continued
for the year ended 31 December 2023

5 Business information continued

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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
UK	**2,626**	1,133	**12,089**	9,755
Europe	**5,404**	1,983	**2,539**	2,920
USA	**29,318**	17,867	**7,362**	8,308
Canada	**3,501**	2,893	**3**	2
Japan	**3,049**	1,867	**843**	891
Rest of World	**587**	849	**—**	—
Total	**44,485**	26,592	**22,836**	21,876

5.4 Information about major customers

During 2023, the Group had two customers who generated revenues of greater than 10% of total revenue for the Group (2022: no customers).

6 Acquisitions

There have been no acquisitions in 2023. On 11 August 2022, the Group acquired 100% of the equity instruments of Comsof NV ('Comsof'), a business based in Ghent, Belgium, thereby obtaining control. Comsof had a wholly owned subsidiary based in Toronto, Canada, Comsof Technologies America Ltd. Effective 1 January 2023, ownership of Comsof Technologies America Ltd was transferred directly under IQGeo Group plc ownership and amalgamated with IQGeo's existing Canadian subsidiary IQGeo Solutions Canada Inc.

Comsof and contribution to the Group results

The acquisition of Comsof was concluded on 11 August 2022, with 100% of the share capital acquired with the total consideration of up to £11.1 million (up to €13.0 million).

The consideration included up to £2.4 million (€3.0 million) as contingent consideration based on the achievement of contract awards to agreed demand point values and subsequent collection of cash in settlement of the first year's invoice values. The first payment was made in April 2023, and at 31 December 2023, the remaining contingent consideration was expected to be settled in March 2024. The second half of the consideration at 31 December 2023 is included within current liabilities (£1.3 million).

Contingent consideration was discounted on recognition with £0.3 million recognised as interest expense during the year 2023 (2022: £0.2 million).

7 Employee information

7.1 Employee numbers

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

	Actual number of people as at 31 December		Average monthly number of people in the year	
By activity	**2023 Number**	2022 Number	**2023 Number**	2022 Number
Technical consultants	**80**	68	**75**	47
Sales & marketing	**65**	54	**61**	44
Research & development	**50**	41	**45**	29
Administration	**22**	17	**20**	15
	217	180	**200**	135

By geography	**2023 Number**	2022 Number	**2023 Number**	2022 Number
United Kingdom	**53**	36	**43**	31
Europe	**45**	43	**43**	19
North America	**111**	95	**107**	80
Asia	**7**	6	**7**	5
	217	180	**200**	135

7.2 Employee benefits

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

	2023 £'000	2022 £'000
Wages and salaries	**20,931**	14,434
Social security costs	**2,105**	1,161
Contributions to defined contribution pension arrangements	**645**	433
Share-based payments	**774**	303
Total aggregate employee benefits	**24,455**	16,331

8 Finance income and costs

	2023 £'000	2022 £'000
Interest income from cash and cash equivalents	**15**	–
Finance income	**15**	–
Interest expense for lease arrangements	**(136)**	(95)
Interest expense for contingent and deferred consideration	**(344)**	(193)
Finance costs	**(480)**	(288)
Net finance costs	**(465)**	(288)

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

9 Profit/(loss) before tax: analysis of expenses by nature

9.1 Expenses by nature

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

	Notes	**2023 £'000**	2022 £'000
Amortisation of capitalised development and software costs	12	**2,520**	1,686
Amortisation of acquired intangible assets	12	**772**	555
Depreciation of owned property, plant and equipment	13	**163**	99
Depreciation of right-of-use assets	14	**450**	348
Lease rental charges – land and buildings	20	**602**	444
Research & development costs expensed		**1,650**	1,022
Net foreign currency expense		**539**	378
Unrealised foreign exchange losses/(gains) on intercompany trading balances		**290**	(574)
Non-recurring items expense	9.2	**1,085**	1,007

9.2 Non-recurring items

	2023 £'000	2022 £'000
Acquisition costs	**120**	1,007
SPA tax warranty	**965**	—
Total non-recurring items	**1,085**	1,007

Acquisition costs

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

SPA tax warranty

On 31 December 2018, the Group disposed of its RTLS SmartSpace business. The sale agreement included a number of warranties which would allow the new owners of the RTLS SmartSpace business to claw back consideration paid, should additional liabilities crystallise at a later date. Management have been made aware of a potential tax warranty claim related to the sale, and following legal advice, believe that it is more likely than not that payment will be required under the warranty in around 4 years' time. Management have made a best estimate of the amount payable, including associated costs and expenses, and have discounted this using the Group's weighted average cost of capital, resulting in a provision as at 31 December 2023 of £965k.

9.3 Auditor's remuneration

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

	2023 £'000	2022 £'000
Fees payable to the Group's auditor's for the audit of:		
Parent company and consolidated financial statements	**123**	129
Financial statements of subsidiaries, pursuant to legislation	**17**	17
Total audit fees	**140**	146
Fees payable to the Group's auditor for other services:		
Audit-related assurance services	**35**	18
Fees payable to the Group's auditor's affiliates for other services:		
Tax advisory	**29**	28
Tax compliance services	**26**	12
Total non-audit fees	**90**	58
Total auditor's remuneration	**230**	204

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

10 Income tax

10.1 Income tax recognised in the consolidated income statement

	2023 £'000	2022 £'000
Current tax		
Corporation tax	**95**	(862)
Adjustments in respect of prior periods	**164**	–
Total current tax charge/(credit)	**259**	(862)
Deferred tax		
Origination and reversal of timing differences	**(97)**	(39)
Adjustments in respect of prior periods	**(21)**	–
Effect of increased/decreased tax rate on opening balance	**(88)**	–
Total deferred tax credit	**(206)**	(39)
Total income tax charge/(credit) for the year	**53**	(901)

The tax charge differs from the standard rate of corporation tax in the UK for the year of 23.52% in 2023 (2022: 19%) for the following reasons:

	2023 £'000	2022 £'000
Profit/(loss) before tax	**57**	(1,814)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 23.52% (2022: 19%)	**13**	(345)
Tax effects of:		
Fixed asset differences	**(88)**	–
Expenses not deductible for tax purposes	**558**	696
Non-deductible amortisation of goodwill	**(46)**	–
Research & development tax (credits) in additional deduction	**(674)**	(431)
Adjustments to tax charge in respect of previous periods – current tax	**164**	–
Adjustments to tax charge in respect of previous periods – deferred tax	**(21)**	–
Additional overseas tax deduction	**–**	(92)
Utilisation of previously unrecognised tax losses	**(838)**	(19)
Remeasurement of deferred tax for changes in tax rates	**(121)**	–
Difference on tax treatment of share options – unrecognised	**(208)**	58
Unrecognised deferred tax movements	**1,412**	(664)
Difference on overseas tax rates	**(98)**	(104)
Total income tax charge/(credit)	**53**	(901)

During the current and prior year, IQGeo UK Limited has and intends to submit claims for UK Research and Development tax credit relief ('R&D tax claim') under the HMRC SME scheme. In 2023 this forms part of the unrecognised deferred tax asset in the UK. In 2022, IQGeo elected to receive a cash refund for this claim at a discounted rate of 14.5%. The funds were received during 2023 for the 2022 claim which was agreed by HMRC. The consolidated income statement reflects the tax credit for the 2022 financial year and does not reflect the unrecognised deferred tax asset for the claim which will be submitted during 2024 in respect of the 2023 financial year.

10.2 Factors that may affect future tax charges

The Group has tax losses of £23.7 million (2022: £18.0 million) that are available for offset against future taxable profits of those subsidiary companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of those losses as they may not be used to offset 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 UK tax rate as at April 2023 (2022: 25%).

10 Income tax continued

10.3 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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
At 1 January	**937**	630	**(1,739)**	(630)
Deferred tax liability recognised on acquisition	**–**	–	**–**	(841)
Prior year adjustment re blended rate	**21**	–	**–**	–
Deferred tax credit/(charge) to the income statement	**185**	307	**–**	(268)
At 31 December	**1,143**	937	**(1,739)**	(1,739)

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

	2023 £'000	2022 £'000
Fixed asset timing differences	**(24)**	–
Short-term timing differences	**11**	–
Deferred tax liability on development costs capitalised	**(1,400)**	(937)
Deferred tax liability recognised on acquisition of intangible assets	**(596)**	(802)
Deferred tax asset on losses	**1,413**	937
Total net deferred tax liabilities	**(596)**	(802)

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

	2023 £'000	2022 £'000
Tax losses carried forward	**4,524**	3,529
Equity-settled share options temporary differences	**698**	906
Total unrecognised deferred tax assets	**5,222**	4,435

11 Earnings/(loss) per share (EPS)

	2023	2022
Earnings attributable to ordinary shareholders		
Profit/(loss) from operations (£'000)	**4**	(913)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS ('000)	**61,691**	58,816
Effect of dilutive potential ordinary shares:		
– Share options ('000)	**4,229**	2,957
Weighted average number of ordinary shares for the purposes of diluted EPS ('000)	**65,920**	61,773
EPS		
Basic and diluted EPS (pence)	**0.0**	(1.6)

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	2023 £'000	2022 £'000
Earnings for the purposes of diluted EPS, being net loss attributable to equity holders of the parent company		**4**	(913)
Adjustments:			
Amortisation and impairment of acquired intangible assets	12	**772**	555
Reversal of share-based payments charge	22	**774**	303
Unrealised foreign exchange (gains)/losses on intercompany trading balances		**290**	(574)
Reversal of non-recurring items	9	**1,085**	1,007
Net adjustment		**2,921**	1,291
Adjusted earnings/(loss) (£'000)		**2,925**	378
Adjusted diluted EPS (pence)		**4.4**	0.6

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.

Notes to the consolidated financial statements continued
for the year ended 31 December 2023

12 Intangible assets

Goodwill has been recognised on acquisition of the Comsof and OSPI businesses in 2022 and 2020 respectively. Management considers that the Group as a whole represents a single CGU including the Comsof and OSPI businesses which have been fully integrated into the existing structure of the Group. All goodwill has therefore been allocated to this single CGU, and management has undertaken a detailed review of the future cash flows which are anticipated to be generated from the Group. With the continued expectation of growth and profitability, management have concluded that no impairment is required to goodwill as at 31 December 2023. Management have projected cash flows to 2028 and then applied a terminal growth rate of 1% to future periods. The key underlying assumption is that the Group will continue to see revenue growth and an increase in recurring revenue contracts through subscription and demand point sales at a rate consistent to that achieved in 2023. A discount rate of 11.3% has been applied to future cash flows. No reasonably possible changes to the assumptions would lead to an impairment. Management believe the assumptions used after considering the market factors are appropriate.

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

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

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

	Goodwill £'000	Acquired customer relationships £'000	Acquired software products £'000	Acquired brands £'000	Capitalised product development costs £'000	Software £'000	Total £'000
Cost							
At 1 January 2022	7,408	2,093	474	57	10,731	128	20,891
Additions	—	—	—	—	2,888	12	2,900
Additions as a result of acquisition	6,557	1,954	606	274	—	—	9,391
Effect of movements in exchange rates	521	216	—	—	—	—	737
At 31 December 2022	14,486	4,263	1,080	331	13,619	140	33,919
Additions	—	—	—	—	4,310	125	4,434
Effect of movements in exchange rates	(249)	(118)	(27)	(3)	—	—	(397)
At 31 December 2023	**14,237**	**4,145**	**1,053**	**328**	**17,929**	**265**	**37,957**
Accumulated amortisation							
At 1 January 2022	(2,970)	(209)	(158)	(29)	(8,208)	(110)	(11,684)
Charge for the year	—	(293)	(213)	(49)	(1,668)	(18)	(2,241)
Effect of movements in exchange rates	—	—	33	2	—	—	35
At 31 December 2022	(2,970)	(502)	(338)	(76)	(9,876)	(128)	(13,890)
Charge for the year	—	(423)	(293)	(56)	(2,504)	(16)	(3,292)
Effect of movements in exchange rates	—	29	22	4	—	—	55
At 31 December 2023	**(2,970)**	**(896)**	**(609)**	**(128)**	**(12,380)**	**(144)**	**(17,127)**
Net book value							
At 31 December 2023	**11,267**	**3,249**	**444**	**200**	**5,549**	**121**	**20,830**
At 31 December 2022	11,516	3,761	742	255	3,743	12	20,029

13 Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2022	165	240	–	405
Effect of movements in exchange rates	18	19	–	37
Additions	–	170	–	170
Additions on acquisition	–	61	73	134
At 31 December 2022	183	490	73	746
Effect of movements in exchange rates	(8)	(17)	(1)	(26)
Additions	36	150	59	245
Disposals	–	(5)	–	(5)
At 31 December 2023	**211**	**618**	**131**	**960**
Accumulated depreciation				
At 1 January 2022	(74)	(164)	–	(238)
Effect of movements in exchange rates	(9)	(12)	–	(21)
Charge for the year	(30)	(66)	(3)	(99)
Transfer on acquisition	–	(23)	(55)	(78)
At 31 December 2022	(113)	(265)	(58)	(436)
Effect of movements in exchange rates	6	10	1	17
Charge for the year	(36)	(119)	(8)	(163)
Disposal	–	4	–	4
At 31 December 2023	**(143)**	**(370)**	**(65)**	**(578)**
Net book value				
At 31 December 2023	**68**	**248**	**66**	**382**
At 31 December 2022	70	225	15	310

14 Right-of-use assets

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

	2023 £'000	2022 £'000
Cost		
At 1 January	**2,266**	1,793
Effect of movements in exchange rates	**(101)**	227
Additions	**652**	93
Lease acquired on acquisition	**—**	233
Disposal	**(105)**	(80)
Cost at 31 December	**2,712**	2,266
Accumulated amortisation		
At 1 January	**(786)**	(457)
Effect of movements in exchange rates	**44**	(61)
Charge for the year	**(450)**	(348)
Disposal	**104**	80
Accumulated amortisation at 31 December	**(1,088)**	(786)
Net book amount at 31 December	**1,624**	1,480

Refer to note 20 for details of the related lease liabilities.

15 Trade and other receivables

	Notes	2023 £'000	2022 £'000
Cost			
Trade receivables, gross		**12,746**	9,930
Allowances for expected credit losses	15.1	**(370)**	(244)
Trade receivables, net	15.2	**12,376**	9,686
Amounts recoverable on contracts		**2,469**	303
Other receivables		**209**	132
Prepayments		**1,276**	943
Total trade and other receivables		**16,330**	11,064

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 significant increase in amounts recoverable on contracts is due to the significant increase in revenue during the year, including increased revenue from services performed in the last quarter of 2023, and licences delivered at the end of 2023, which were subsequently invoiced in early 2024.

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.

15.1 Movement in allowance for expected credit losses

	2023 £'000	2022 £'000
At 1 January	**(244)**	(250)
Allowance released/(provided)	**(126)**	6
As 31 December	**(370)**	(244)

15.2 Ageing past due but not impaired receivables

	2023 £'000	2022 £'000
Neither past due nor impaired	**9,387**	1,736
0 to 90 days	**2,347**	7,042
More than 90 days	**642**	908
Total	**12,376**	9,686

16 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	**10,954**	8,055
Cash and cash equivalents	**10,954**	8,055

Short-term cash deposits earn interest at fixed rates for the term of the deposit. Included within cash and cash equivalents at 31 December 2023 is £2.6 million of cash on deposit with a time to maturity of 30 days or less.

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

By currency	2023 £'000	2022 £'000
British Pound (GBP)	**343**	1,630
Euro (EUR)	**2,643**	2,910
US Dollar (USD)	**5,305**	1,814
Japanese Yen (JPY)	**2,537**	912
Canadian Dollar (CAD)	**126**	789
Cash and cash equivalents	**10,954**	8,055

17 Trade and other payables

	Notes	2023 £'000	2022 £'000
Trade and other payables due within one year:			
Deferred income		**12,341**	7,450
Trade payables		**1,243**	1,247
Accruals		**7,318**	5,371
Other taxation and social security		**1,506**	866
Other payables		**51**	72
Contingent acquisition consideration	6	**1,347**	1,211
Total trade and other payables due within one year		**23,806**	16,217
Trade and other payables due after one year:			
Contingent acquisition consideration	6	**—**	996
Trade and other payables due after one year		**—**	996
Total trade and other payables		**23,806**	17,213

18 Provisions

	2023 £'000	2022 £'000
SPA tax warranty	**965**	–
Total provisions	**965**	–

A provision has been recognised in 2023 in relation to an SPA tax warranty related to a previous business disposal. Refer to note 9 for further information as to the nature of the provision.

19 Bank facilities

During 2022 an overdraft facility of £3.0 million was agreed with HSBC, the Group's bank, as a contingent arrangement around the acquisition of Comsof NV. The facility was not drawn down and has now lapsed. Security in the form of a Group debenture was put in place to facilitate this. The security remains in place at 31 December 2023 to facilitate additional funding options for the Group.

Within the current period, the Group has entered a bank guarantee for €344,000 as required in one of our customer's contracts.

20 Lease liabilities

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

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

	2023 £'000	2022 £'000
At 1 January	**1,896**	1,680
Effect of movements in exchange rates	**(77)**	211
New leases entered into during the year	**652**	93
Lease related to acquisition	**—**	261
Finance costs incurred	**116**	95
Payments made during the year	**(602)**	(444)
At 31 December	**1,985**	1,896
Presented as:		
Lease liability payable within one year	**629**	417
Lease liability payable in more than one year	**1,356**	1,479
At 31 December	**1,985**	1,896

Refer to note 14 for details of the related right-of-use assets.

At 31 December 2023, the lease liability consists of £2.1 million of lease payment commitments including:

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

The Group has a seven-year lease running to February 2028 on office premises in Denver, an 18-month lease running to April 2025 on office premises in Cambridge, and a two-year lease running to September 2025 on office premises in Tokyo.

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

Leases as lessee

During the year the Group held short-term office rental agreements within Germany and Canada. The leases entered into are twelve months or less and the Group has elected to apply the practical expedient permitted under IFRS 16 to not recognise a right-of-use asset and lease liability in respect of these leases due to their short-term nature. The 2023 operating expense presented within the consolidated income statement includes £0.3 million of rent expense in respect of these leases. The future obligations for the new short-term leases are reported within the table below.

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

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

	Land and buildings 2023 £'000	Land and buildings 2022 £'000
No later than one year	**25**	177
Total	**25**	177

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

The Company has one class of ordinary shares. Holders of these shares are entitled to participate in dividends, and to share in the proceeds on a return of capital on liquidation or capital reduction or otherwise, in proportion to the number of shares held. Holders are also entitled to one vote per share at general meetings of the Company.

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

	Ordinary shares of £0.02 each Number of	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Total £'000
Balance at 1 January 2022	57,515,696	1,150	22,507	959	24,616
Issued under share-based payment plans	184,998	4	109	–	113
Issue of shares – acquisition (Comsof)	–	–	–	957	957
Issued on placing to institutional investors – legal fees	–	–	(95)	–	(95)
Issued on placing to institutional investors	2,800,000	56	3,444	–	3,500
Issued as part consideration for acquisition	937,923	16	–	–	16
Deferred consideration – OSPI	–	3	–	237	240
Balance at 31 December 2022	61,438,617	1,229	25,965	2,153	29,347
Issued under share-based payment plans	252,873	5	168	–	173
Balance at 31 December 2023	**61,691,490**	**1,234**	**26,133**	**2,153**	**29,520**

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

	2023 £'000	2022 £'000
Total share-based payments charge recognised in operating profit	**774**	303

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

	2023 £'000	2022 £'000
Net share-based payments credit recognised in equity	**774**	303

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

	2023 £'000	2022 £'000
Cumulative reserve credit for share-based payments	**1,336**	634

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

22 Share-based payments: options continued

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

Options	Award date Year	Vests Years	Expires Year	Exercise price £	Currency of award	Awards outstanding at 1 Jan 2023 Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Awards outstanding at 31 Dec 2023 Number	Awards exercisable at 31 Dec 2023 Number
	2013	2013–16	2023	2.055	GBP	21,750	—	(1,875)	(19,875)	—	—
	2018	2018–21	2028	0.555	GBP	350,000	—	(70,000)	—	280,000	280,000
	2020	2020–23	2030	$0.783	USD	845,000	—	(35,000)	(60,000)	750,000	750,000
	2020	2020–23	2030	0.625	GBP	110,000	—	(45,000)	—	65,000	65,000
	2020	2020–23	2030	0.460	GBP	1,826,670	—	(58,333)	—	1,804,337	1,804,337
	2020	2020–23	2030	0.675	GBP	500,000	—	—	—	500,000	500,000
	2021	2021–24	2031	1.050	GBP	440,000	—	(18,333)	—	421,667	275,000
	2021	2021-24	2031	1.255[1]	GBP	45,000	—	—	—	45,000	30,000
	2021	2021–24	2031	$1.730[1]	USD	320,000	—	(13,333)	(41,667)	265,000	176,667
	2022	2022–25	2032	1.430	GBP	752,000	—	(10,999)	(46,667)	694,334	229,667
	2022	2022–25	2032	$1.690	USD	660,000	—	—	(20,000)	640,000	213,333
	2022	2022–25	2032	$1.650	USD	200,000	—	—	—	200,000	66,667
	2022	2022–25	2032	1.134	GBP	230,000	—	—	—	230,000	76,667
	2022	2022-25	2032	1.430	GBP	75,000	—	—	(10,000)	65,000	21,667
	2023	2023-26	2032	2.087	GBP	—	80,000	—	—	80,000	—
	2023	2023-26	2032	2.100	GBP	—	250,000	—	—	250,000	—
	2023	2023-26	2032	2.990	GBP	—	400,000	—	—	400,000	—
	2023	2023-26	2032	2.950	GBP	—	907,292	—	(25,000)	**882,292**	—
Total						**6,411,420**	**1,637,292**	**(252,873)**	**(223,209)**	**7,572,630**	**4,489,005**
Weighted average exercise price (£)						0.866	2.788	0.681	1.414	1.272	0.714
Weighted average remaining contractual life						8.6 years				7.7 years	6.8 years

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

22.4 Share option scheme details

2020 share option plan and 2023 grants

In June 2020, IQGeo Group plc implemented a new long-term incentive share option plan with options granted to Executive Directors and employees of the Group. Options have been awarded with varying exercise prices as set out above, including a further 1,637,292 during the 2023 year as shown. The options vest in portions of one-third on the first, second and third anniversaries of grant and have no further performance conditions other than ongoing employment on the date of vesting and of exercise. Awards will be subject to a two-year holding period from vesting point, with participants only permitted to sell shares sufficient to cover the exercise cost and any tax liability within this holding period.

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

Within the 2023 financial statements a charge of £773,854 (2022: £303,000) has been recognised in respect of share options granted.

23 Subsidiaries

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

Subsidiary	Country of incorporation	Principal activity	Proportion of ordinary shares held by Group (%)	Registered office
IQGeo America Inc.	US	Geospatial solutions	100	1670 Broadway, Suite 2215, Denver, CO 80202, United States
IQGeo Europe NV	Belgium	Geospatial solutions	100	Dok Noord, Sassevaartstraat, 46/214, 9000, Gent, Belgium
IQGeo Germany GmbH	Germany	Geospatial solutions	100	Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany
IQGeo Japan K.K.	Japan	Geospatial solutions	100	45F Sunshine60, 3-1-1, Higashi Ikebukuro, Toshima-ku, Tokyo 170-6045, Japan
IQGeo Solutions Canada Inc.*	Canada	Geospatial solutions	100	1 University Avenue – Floor 4, Toronto, ON., M5J 2P1, Canada
IQGeo Systems Limited	UK	Non-trading	100	Nine Hills Road Cambridge, CB2 1GE, UK
IQGeo UK Limited	UK	Geospatial solutions	100	Nine Hills Road Cambridge, CB2 1GE, UK
IQGeo Malaysia Sdn Bhd	Malaysia	Geospatial solutions	100	Regus First Avenue, Level 15, 2A, Dataran Bandar Utama, 1, First Avenue, Damansara, 47800 Petaling Jaya, Selangor, Malaysia

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

During the year, IQGeo Malaysia Sdn Bhd was incorporated as a trading entity in Malaysia.

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

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

24 Related party transactions

24.1 Remuneration of key personnel

The key management have been assessed to be the Directors of IQGeo Group plc (Executive and Non-Executive) during the 2023 and 2022 periods. Directors of subsidiaries have not been included as key personnel.

During the year, there was an average number of eight key management personnel (2022: eight). The compensation paid or payable to key management for employee services is shown below:

	2023 £'000	2022 £'000
Short-term employee benefits		
Wages and salaries	**725**	639
Social security costs	**157**	140
Performance payments	**470**	270
Other benefits	**7**	10
	1,359	1,059
Post-employment benefits		
Contributions to defined contribution pension arrangements	**17**	14
Share-based payments		
Equity-settled share-based payments	**211**	204
Total key management compensation	**1,587**	1,277

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

Remuneration is paid to Max Royde in his role as Non-Executive Director through Kestrel Partners LLP. As at 31 December 2023, £nil (2022: £3,500) is included within trade and other payables.

24.2 Transactions with the Group related parties

During the year, Deborah Chapman, the wife of Haywood Chapman, Chief Financial Officer and Director of the Company, sold 35,000 ordinary shares at a price of 290 pence per share on 4 August 2023. There were no other related party transactions with Directors of the Company during 2023 or 2022 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 on the following pages.

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 Canadian Dollars (CAD), 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.

	US $		Euros €		Canadian $	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Assets	**2,878**	7	**3**	190	**4**	238
Liabilities	**—**	—	**—**	—	**—**	—
	2,878	7	**3**	190	**4**	238

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

25.3 Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the USD/GBP, EUR/GBP and CAD/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.

	US $		Euros €		Canadian $	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Effect of a strengthening in relevant exchange rate on:						
Income statement	**151**	—	**10**	—	**13**	—
Equity	**151**	—	**10**	—	**13**	—
Effect of a weakening in relevant exchange rate on:						
Income statement	**(151)**	—	**(10)**	—	**(13)**	—
Equity	**(151)**	—	**(10)**	—	**(13)**	—

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

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 finance on a regular basis in conjunction with debt ageing and collection history. In addition, many of the Group's customers, 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 2023.

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 2023, one customer individually accounted for more than 24% of the gross trade receivables balance (31 December 2022: more than 17%).

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

25 Financial risk management continued

25.4 Credit risk analysis continued

Details of certain trade receivables at 31 December 2023 that have not been settled by the contractual due date but are not considered to be impaired are included in note 15.2.

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 2023, 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 2023				
Trade and other payables	**8,561**	**—**	**965**	**—**
Lease liabilities	**363**	**341**	**1,434**	**—**
Other payables	**1,398**	**—**	**—**	**—**
As at 31 December 2022				
Trade and other payables	6,618	—	—	—
Lease liabilities	221	196	1,409	70
Other payables	—	72	996	—

Financial assets used for managing liquidity risk

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

25.6 Capital risk management

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

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

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

The Group has no agreed bank facilities at 31 December 2023 whilst security with the Group's bank, HSBC, in the form of a debenture over the assets of IQGeo Group plc and IQGeo UK Ltd, was agreed to remain in place following a £3 million facility being held through the period of the Comsof acquisition (2022: £3 million).

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	2023 £'000	2022 £'000
Financial assets			
Fair value through other comprehensive income:			
Amortised cost:			
– Trade receivables	15	**12,376**	9,686
– Other receivables	15	**209**	132
– Cash and cash equivalents	16	**10,954**	8,055
Total financial assets		**23,538**	17,873
Financial liabilities			
Amortised cost:			
– Trade payables	17	**1,243**	1,247
– Trade accruals	17	**7,318**	5,371
– Other payables	17	**51**	72
– Deferred consideration < one year	6	**1,347**	1,211
– Lease liabilities	20	**1,985**	1,896
– Warranty provision	18	**965**	—
Fair value:			
– Contingent consideration > one year	6	**—**	996
Total financial liabilities		**12,909**	10,793

26 Reconciliation of liabilities arising from financing activities

	Lease liability £'000	Total £'000
At 1 January 2022	1,680	1,680
Cash flows:		
Repayment	(444)	(444)
Effect of moving exchange rates	211	211
New lease entered into	93	93
Leases related to acquisition	261	262
Interest applied to principal	95	95
At 31 December 2022	1,896	1,896
Cash flows:		
Repayment	(602)	(602)
Effect of moving exchange rates	(77)	(77)
New lease entered into	652	652
Interest applied to principal	116	116
At 31 December 2023	**1,985**	**1,985**

Company balance sheet

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	3	**13,578**	12,514
Assets			
Debtors falling due within one year	4	**36,870**	24,568
Debtors falling due after one year	4	**3,447**	10,802
Cash at bank and in hand		**76**	834
Total assets		**53,971**	36,204
Current liabilities	5		
Creditors – amounts falling due within one year		**(4,389)**	(4,758)
Non-current liabilities			
Creditors falling due after one year	5	**(965)**	(996)
Total liabilities		**(5,354)**	(5,754)
Net assets		**48,617**	42,964
Equity attributable to owners of the parent company			
Ordinary share capital	6	**1,234**	1,229
Share premium	7	**26,133**	25,965
Share-based payment reserve	7	**1,336**	340
Capital redemption reserve	7	**476**	476
Merger relief reserve	7	**2,153**	2,153
Retained earnings	7	**17,285**	12,801
Equity attributable to shareholders of the Company		**48,617**	42,964

The notes on pages 102 to 104 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 2023 of £4.4 million (2022: £0.8 million).

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2024 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 2023

	Ordinary share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Merger relief reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022	**1,150**	**22,507**	**454**	**476**	**959**	**11,897**	**37,443**
Profit for the year	—	—	—	—	—	781	781
Total comprehensive profit for the year	—	—	—	—	—	781	781
Exercise of share options	4	109	(30)	—	—	30	113
Issue of shares – acquisition (Comsof)	16	—	—	—	957	—	973
Deferred consideration – (OSPI)	3	—	—	—	237	—	240
Issue of shares – associated costs	—	(95)	—	—	—	—	(95)
Issue of shares – fundraise	56	3,444	—	—	—	—	3,500
Lapse of share options	—	—	(93)	—	—	93	—
Equity-settled share-based payment	—	—	9	—	—	—	9
Transactions with owners	79	3,458	(114)	—	1,194	123	4,740
Balance as at 31 December 2022	**1,229**	**25,965**	**340**	**476**	**2,153**	**12,801**	**42,964**
Profit for the year	—	—	—	—	—	4,412	4,412
Total comprehensive profit for the year	—	—	—	—	—	4,412	4,412
Exercise of share options	5	168	(49)	—	—	49	173
Lapse of share options	—	—	(23)	—	—	23	—
Equity-settled share-based payment	—	—	1,068	—	—	—	1,068
Transactions with owners	5	168	996	—	—	72	1,241
Balance as at 31 December 2023	**1,234**	**26,133**	**1,336**	**476**	**2,153**	**17,285**	**48,617**

The notes on pages 102 to 104 are an integral part of the Company financial statements.

Notes to the Company financial statements

for the year ended 31 December 2023

1 Principal accounting policies

Basis of preparation

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

The financial statements are prepared under the historical cost convention.

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

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

Share-based payments

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

Investments

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

The Group assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the recoverable amount. If the recoverable amount of the asset 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 close to being loss-making and this is an indicator that amounts due from subsidiary undertakings may not be recoverable. In undertaking recoverable value reviews, management is required to make assumptions of the future cash flows generated from its subsidiaries. This includes consideration of both the current business pipeline and estimations beyond the existing pipeline, and timing of expected settlement of balances.

2 Employees

The Company has no employees (2022: nil). Directors' emoluments are disclosed within the Remuneration Committee report on page 55 of the corporate governance report. The Non-Executive Directors were remunerated by IQGeo Group plc.

3 Investments

	Investments in subsidiaries £'000
Cost and net book amount	
At 1 January 2023	12,514
Value of investment in IQGeo Malaysia	–
Capital contribution relating to share-based payments	1,064
At 31 December 2023	**13,578**

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 close to being 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

	2023 £'000	2022 £'000
Debtors falling due within one year:		
Amounts owed by subsidiary undertakings	**36,713**	24,496
Prepayments	**96**	–
Sales tax recoverable	**61**	72
	36,870	24,568
Debtors falling due after one year:		
Amounts owed by subsidiary undertakings	**3,447**	10,802
Total debtors	**40,317**	35,370

Interest is charged on debtors falling due after one year according to the intercompany loan agreement.

Amounts owed by subsidiary undertakings are unsecured.

During 2020, a provision of £6.8 million was made against amounts owed by subsidiary undertakings due within one year. No additional impairment charge was recognised during 2021. Following review, a £5.9 million reduction in the impairment has been recognised during 2023 (2022: £0.9 million). Accordingly, no provision remains as at 31 December 2023 (2022: £5.9 million).

5 Creditors

	2023 £'000	2022 £'000
Creditor amounts due within one year:		
Trade accruals	**370**	280
Accounts payable	**17**	104
Contingent consideration	**1,347**	1,211
Tax and social security payable	**8**	37
Amounts owed to subsidiary undertakings	**2,647**	3,126
	4,389	4,758
Amounts due after one year:		
SPA tax warranty	**965**	–
Contingent consideration	**—**	996
	965	996
Total creditors	**5,354**	5,754

6 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.02 each	**61,691,490**	61,438,617	**1,234**	1,229

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 amount 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.

9 Controlling party

IQGeo Group plc is not deemed to be controlled or jointly controlled by a party directly or through intermediaries and, as such, has no ultimate controlling party.

Company information

Registered office

IQGeo Group plc
Nine Hills Road
Cambridge
CB2 1GE, UK

Tel: +44 (0)1223 606 655
Website: www.iqgeo.com

Advisers

Nominated Adviser and Broker

Cavendish Capital Markets Ltd
1 Bartholomew Close
London EC1A 7BL, UK

Lawyers

DAC Beachcroft
The Wallbrook Building
25 Wallbrook
London EC4N 8AF, UK

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

Auditor

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

Registrar

Link Group
6th Floor
65 Gresham Street
London EC2V 7NQ, UK

Banker

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

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

This Report has been printed on Magno Satin, Manufactured by Sappi, Europe's largest coated paper supplier. Certified ISO 9001, ISO 14001, ISO 5001 & ISO 18001, Magno Satin is FSC® Mix certified material. This product is made of material from well-managed FSC®-certified forests, recycled materials and other controlled sources.

Printed by L&S Printing Company, An FSC certified printer using REACH compliant Inks and Certified Intertek Green Leaf. L&S Printing are also certified carbon neutral for scope 1&2 under the PAS 2060 standard.

Designed by
lyonsbennett
www.lyonsbennett.com

IQGeo

Corporate HQ
Cambridge, UK
IQGeo UK Ltd
Nine Hills Road
Cambridge CB2 1GE
United Kingdom

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

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

Ghent, Belgium
IQGeo Europe NV
Dok Noord,
Sassevaartstraat 46/214
9000 Ghent
Belgium

Tokyo, Japan
IQGeo Japan KK
H1O Shibuya Jinnan
1-5-6 Jinnan, Shibuya-ku
Tokyo 150-0041 Japan

Toronto, Canada
IQGeo Solutions Canada Inc.
1 University Avenue – Floor 4
Toronto, ON. M5J 2P1
Canada

Kuala Lumpur, Malaysia
IQGeo Malaysia
Regus First Avenue
Level 15, 2A, Dataran Bandar Utama,
1, First Avenue, Damansara,
47800 Petaling Jaya, Selangor
Malaysia

Visit us online:

www.iqgeo.com

IQGeo Group plc Annual Report 2023