Journeo

Connected systems, for connected journeys

Annual Report and Financial Statements

for the year ended 31 December 2023

Journeo

Welcome to Journeo's **2023** Annual Report.

Journeo plc is a leading Intelligent Transport Systems provider, delivering solutions in towns, cities, airports and the public transport networks that connect them. The Company is focused on creating innovative public transport and related infrastructure solutions, contributing to safer and smarter city initiatives as transport of all types becomes more intelligent and connected.

The Company works at many levels with government organisations, local/combined authorities and many of the largest multinational transport operators. Journeo is helping these customers, to leverage the Internet of Things (IoT) and open data standards to improve the sustainability and longevity of the technology they use and support them as new and legacy systems converge.

In the last four years, Journeo has invested over £6m in Research and Development and has begun to release powerful new and scalable solutions to the market for public travel and freight applications which capture, process, analyse and display essential information to deliver connected journeys safely.

Cert. No. 13843
ISO 9001, ISO 14001,
ISO 18001, ISO 27001

Financial highlights

£46.1m
Revenue
(2022: £21.1m)

£14.3m
Gross profit
(2022: £7.8m)

£4.3m
Underlying profit before tax
(2022: £1.2m)

£4.0m
Profit before tax excluding acquisition costs and share-based payments
(2022: £1.0m)

£3.7m
Profit before tax
(2022 £0.9m)

£8.1m
Cash and cash equivalents at 31 December 2023
(2022: £0.5m)

17.96p
Diluted earnings per share
(2022: 9.80p)

Read more on **Consolidated statement of accounts** on pages 50 to 79

Operational highlights

- **Acquisitions of Infotec and MultiQ are expanding the reach of Journeo solutions into new markets, both domestic and international.**
- **Continued investment in Research and Development as a core component of the Company strategy.**
- **Investment to increase capacity at our Infotec manufacturing and production facility.**
- **Notable contract wins throughout the year, including £1m award from Transport for Wales (TfW) for country-wide content management solution.**
- **One year extension of our Arriva framework to supply CCTV and associated services for new and retrofit vehicles.**
- **Retained all ISO 9001, 14001, 27001 and 45001 accreditations and Cyber Security and ICO certification.**

Read more on **Chief Executive's report** on pages 14 to 16

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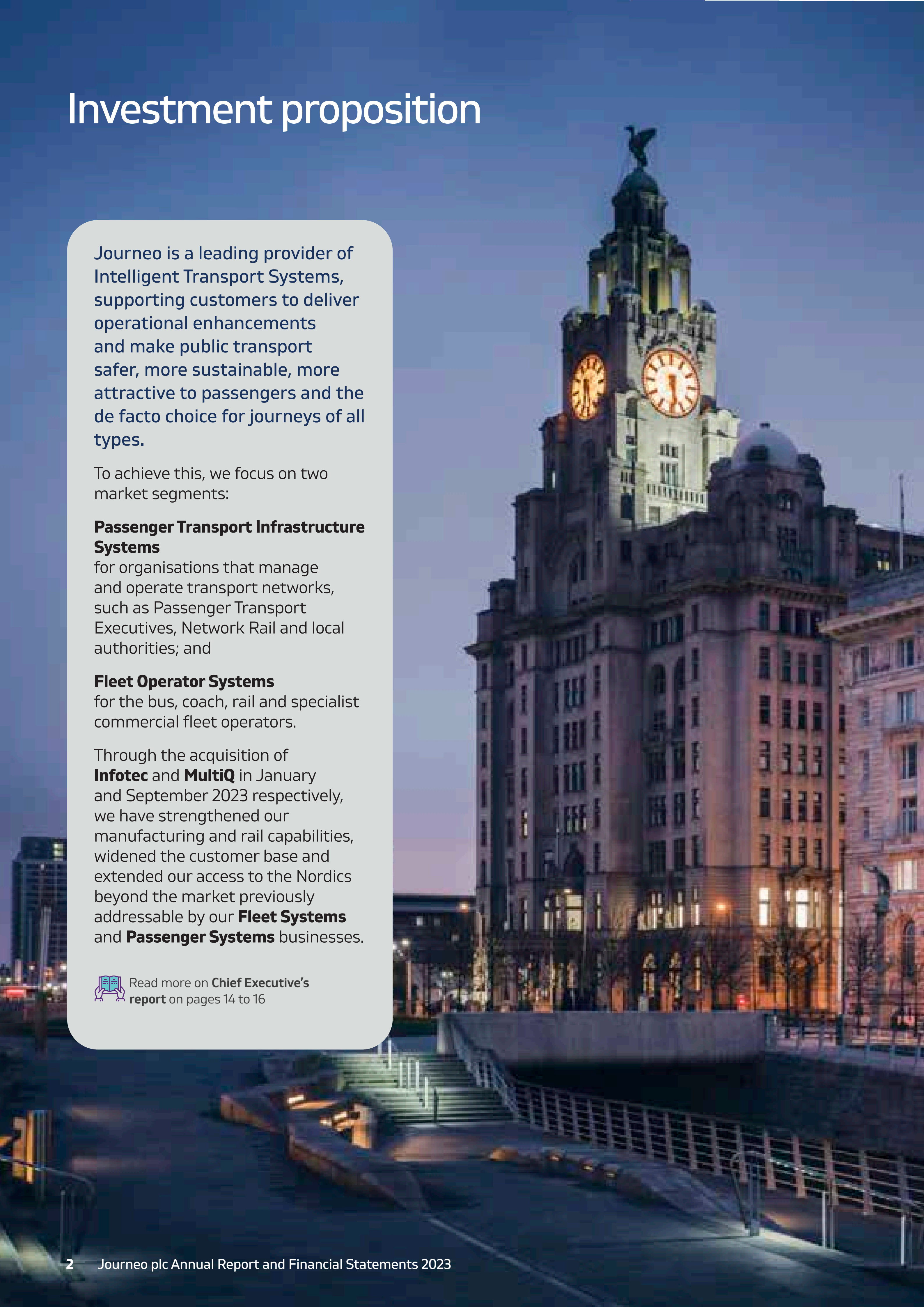


Investment proposition

Journeo is a leading provider of Intelligent Transport Systems, supporting customers to deliver operational enhancements and make public transport safer, more sustainable, more attractive to passengers and the de facto choice for journeys of all types.

To achieve this, we focus on two market segments:

Passenger Transport Infrastructure Systems
for organisations that manage and operate transport networks, such as Passenger Transport Executives, Network Rail and local authorities; and

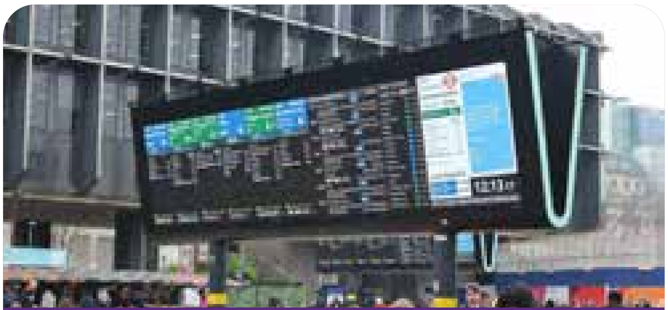
Fleet Operator Systems
for the bus, coach, rail and specialist commercial fleet operators.

Through the acquisition of **Infotec** and **MultiQ** in January and September 2023 respectively, we have strengthened our manufacturing and rail capabilities, widened the customer base and extended our access to the Nordics beyond the market previously addressable by our **Fleet Systems** and **Passenger Systems** businesses.

Read more on **Chief Executive's report** on pages 14 to 16

Opportunities for growth

We have identified attractive growth opportunities where there is a focus on increasing the number and quality of journeys using public transport, particularly in, around and connecting cities, in response to the need to reduce congestion and deliver the carbon-neutral, low-emissions agenda. This is backed by the Government, with significant funding flowing from regulatory landscape changes and the continued drive to achieve Carbon Net Zero economies. For example, the National Bus Strategy for England, announced in 2021, pledged £1.4bn funding over three years resulting in local authorities committing to ambitious technology-led Bus Service Improvement Plans (BSIP). Control Period 7 (CP7), due to commence in April 2024, is also due to deliver the next tranche of Central Government funding for the UK's rail infrastructure.



Competitive position

We strive to compete by listening to our customers, applying attention to detail in our systems design, engineering and support over an extended lifecycle and through continuous innovation.

This approach is driving our growth and we are discovering valuable insights from the large amounts of data generated by connected vehicles, which is helping us improve safety and performance whilst at the same time optimise maintenance in both new and legacy applications.

We share the benefits of our scale economies, to reduce costs for our customers, which include fleet operators, vehicle manufacturers, local authorities and Network Rail.

We work in a number of niche market segments with few competitors and high barriers to entry due to enterprise risk combined with technical complexity, which is associated with the management of long lifecycle assets across large geographic areas. Our ability to rise to the challenges of increasing complexity and converging solutions on the cloud provides Journeo with an increasingly differentiated position. Bolt-on acquisitions provide an additional route to market for our core technology in other attractive market niches.

Recurring revenue and SaaS

The capabilities of our software solutions are being recognised by a growing number of specialist equipment manufacturers, who can use the Journeo Portal to present their performance data to end users. The Company is delivering improved performance through long-term contracts that deliver recurring revenues, alongside the SaaS-based income from its latest software solutions.

Throughout 2023, connections to the Journeo Portal continued to increase from Fleet Operator adoption of our solutions. This year we expect a further growth in our connection numbers as the capabilities of the Portal continue to extend to include Passenger Information Displays from the Passenger Transport Infrastructure systems market segment.

Investing in growth

In the last four years, Journeo has invested over £6m in Research and Development and begun to release new scalable solutions which capture, process, analyse and display essential information to deliver connected journeys safely.

We use Artificial Intelligence (AI), automation and machine learning techniques to deliver powerful new solutions for customers, and our service offering includes design, installation, on-site support, analytics and back-office systems.

In addition, the Group's growing market presence has enabled exclusive relationships to be forged with specialist equipment manufacturers, which have the potential to significantly increase revenue.

Bolt-on acquisitions supplement the Group's impressive organic growth and accelerate penetration into new markets where we believe our technology can add value to the customer.

At a glance

Connected systems, for connected journeys...

Converged passenger transport software

EPIX Content Management System

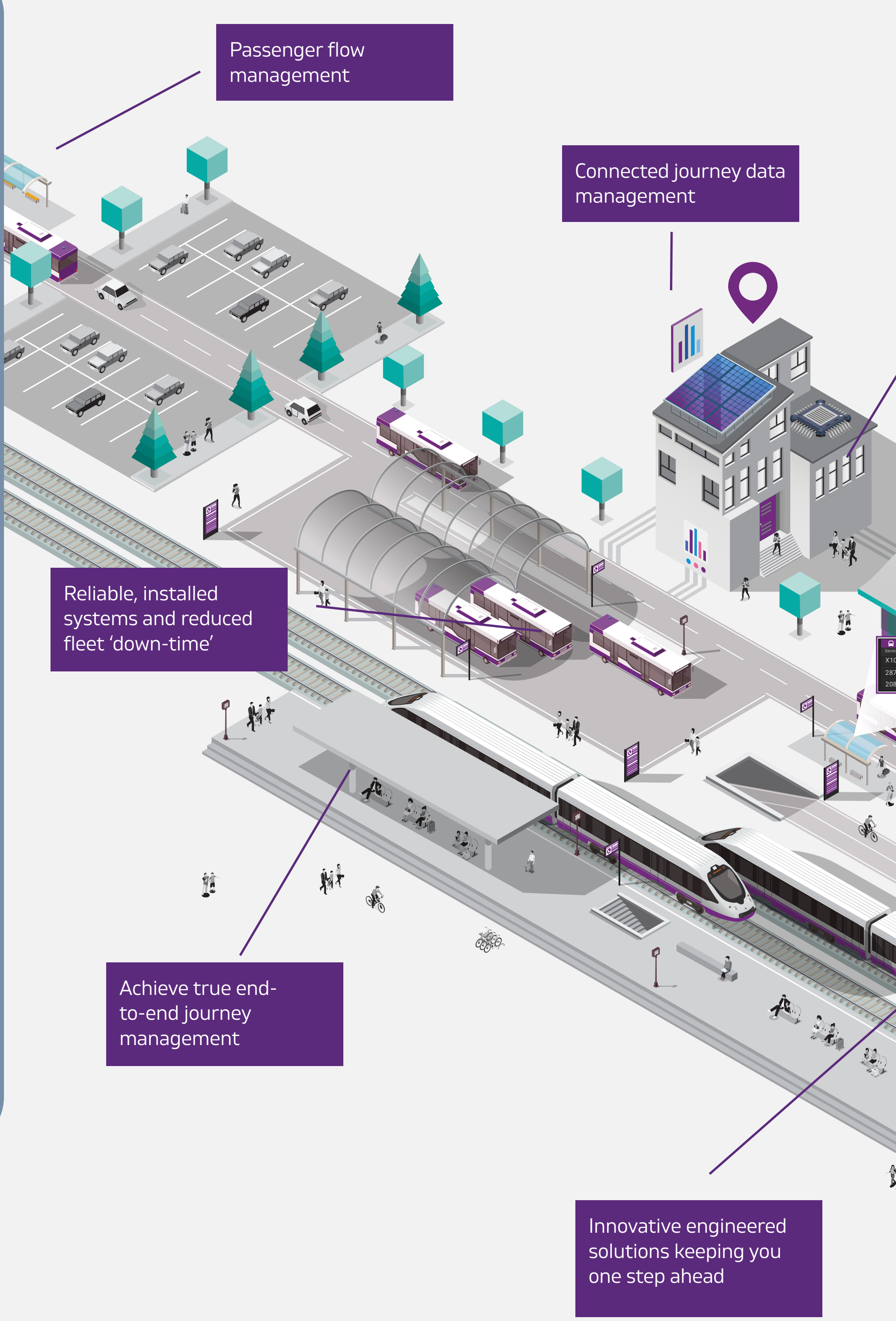
- Core real-time information management
- Advertising management
- Bus station management
- Multi-modal templates
- Mobile EPI
- Template editor

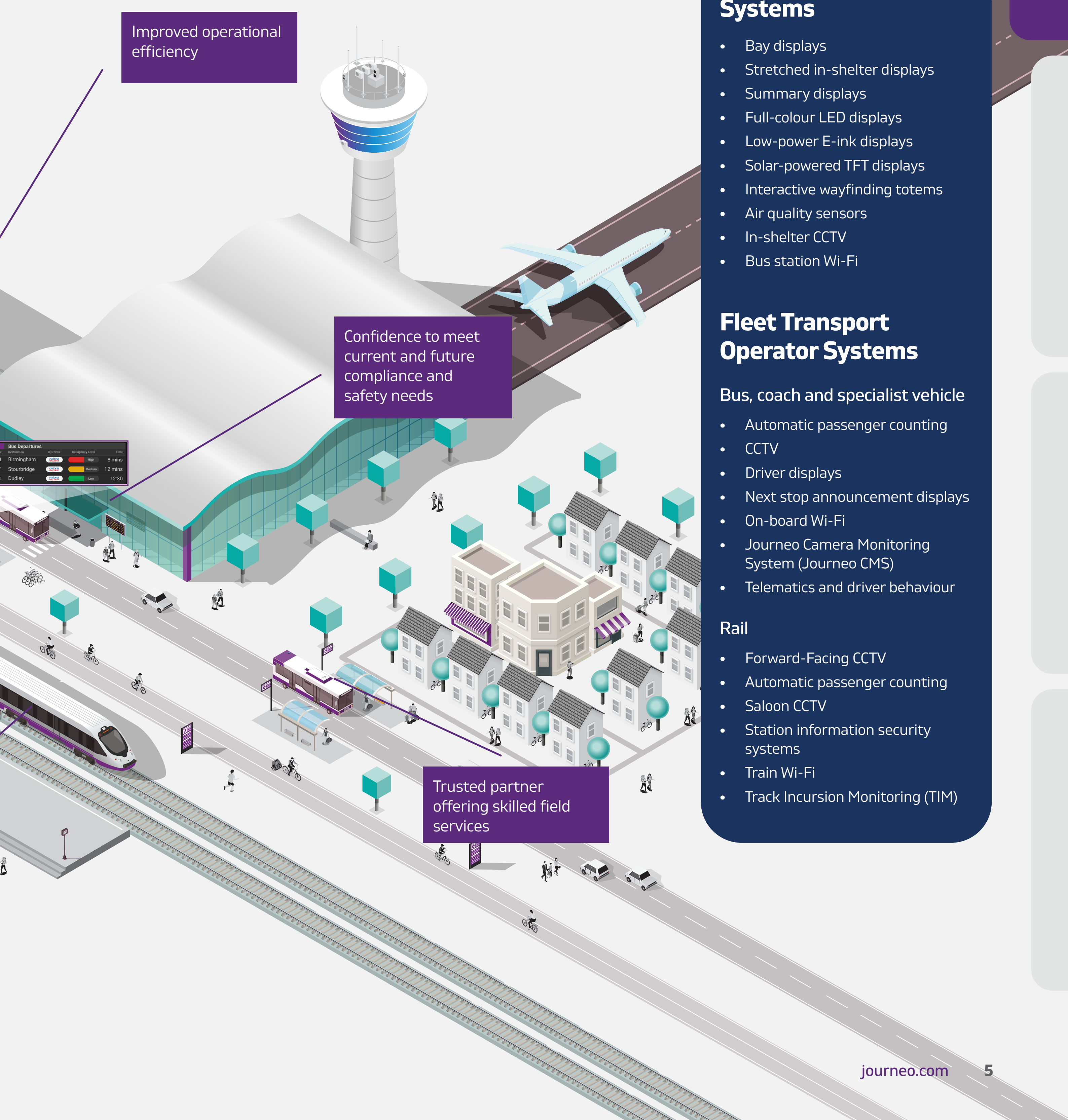
Journeo Portal

- Feature-rich dashboard
- Operational management
- Agnostic CCTV management
- Real-time health
- Real-time mapping
- Automatic Passenger Counting

Javelin Content and Asset Management

- Asset mapping
- Health monitoring
- Self-managed playlists
- Template management





Passenger Transport Infrastructure Systems

- Bay displays
- Stretched in-shelter displays
- Summary displays
- Full-colour LED displays
- Low-power E-ink displays
- Solar-powered TFT displays
- Interactive wayfinding totems
- Air quality sensors
- In-shelter CCTV
- Bus station Wi-Fi

Fleet Transport Operator Systems

Bus, coach and specialist vehicle

- Automatic passenger counting
- CCTV
- Driver displays
- Next stop announcement displays
- On-board Wi-Fi
- Journeo Camera Monitoring System (Journeo CMS)
- Telematics and driver behaviour

Rail

- Forward-Facing CCTV
- Automatic passenger counting
- Saloon CCTV
- Station information security systems
- Train Wi-Fi
- Track Incursion Monitoring (TIM)

At a glance CONTINUED

Passenger Systems

We provide our solutions to many local authorities and Passenger Transport Executives (PTEs) across the UK and currently have over 7,000 display systems under software or support contracts.

Primarily driven by 'EPIX', our transport specific Content Management System (CMS), we are in the process of integrating these advanced data management capabilities into our cloud-based SaaS-based solution. Our powerful software controls the content displayed on public transport information estates and gives local authorities and PTEs the power to display scheduled and real-time transport information in conjunction with supporting media and vital disruption messaging for routes and services.

Our ruggedised outdoor display products are designed and manufactured in long-lasting and robust materials to withstand harsh environments for many years. We use high-performance imaging panels, the latest communications technology and low-power semiconductors. For the most demanding applications, our displays can now be supplied and compliance tested to IP69K, which is currently the highest protection available.

£9.0m
Revenue

5% increase
(2022: £8.6m)

Read more on **Chief Executive's report** on pages 14 to 16

SOLUTIONS

INTELLIGENT DISPLAY TECHNOLOGY

We have developed a broad range of display solutions including ultra-low power versions, full-colour LED and TFT/LCD models to suit most locations. Our displays are built around our own core technology and use the latest industry standard open-platform communication methods and machine-learning techniques. We monitor the health and performance of our displays to provide customers with durable city-wide solutions for passenger information and vital disruption messaging. Our latest display products can be integrated into new bus shelters and bus stops or retrofitted to existing locations. Additionally, our graphics controllers can be applied to third-party displays technology, enabling the Company to take over pre-existing estates.

CONTENT MANAGEMENT

Our powerful Content Management System (CMS) manages scheduled and real-time information updates for over one million departures a day. The software manages display templates, disseminates critical disruption and public service messaging, and can be supplemented with advertising content for revenue generation. The architectural works required to bring our EPIX solution into the same software platform as our Journeo Portal solutions is nearing completion, with the first displays expected to be active on the platform within H1 2024, enabling our internal teams to deliver efficiencies in support and delivery.

INTERACTIVE WAYFINDING

To highlight points of interest, destinations and transport services, our interactive wayfinding totems allow PTEs to provide all the information needed to encourage Active Travel and move people around towns and cities. Integration with web technologies enables our customers to extend the reach of their messaging directly to the users' own personal device.

Fleet Systems

We provide vital on-board safety and efficiency solutions to fleet operators, large and small, with many thousands of vehicles connected to our SaaS platform in the UK, Ireland and Sweden.

We have a growing share of the UK bus market and are proud to include leading companies such as Abellio, Arriva, First Group, National Express and Translink among our many customers, and now have around 30% of the UK bus market connected to the Journeo Portal. Our services extend into mainland Europe through Keolis and Arriva. We also serve customers in rail, light-rail and specialist commercial vehicle sectors.

Journeo management software provides fleet operators with powerful tools to improve operational efficiency, reveal valuable data insights into their business performance and assist in the delivery of smarter, safer cities. Our key enabling technology is the Journeo Edge which runs vehicle applications such as remote condition monitoring, agnostic video management and passenger counting. Our FITAS-approved engineering services cover the design, systems integration, installation and field service support.

£16.3m
Revenue

31% increase
(2022: £12.5m)

Read more on **Chief Executive's report** on pages 14 to 16

SOLUTIONS

ON-BOARD TECHNOLOGIES

Our solutions include Voice Over Internet Protocol (VOIP), Closed Circuit Television (CCTV), Automatic Passenger Counting (APC), Telematics, Next Stop Announcements and Passenger Wi-Fi. Our design engineering complies with European Committee for Standardisation (CEN) standards.

Installations are completed in accordance with Federation of Communication Services (FCS) regulations. We are members of Information Technology for Public Transport (ITxPT) and systems' data are securely communicated to our Journeo Portal via our Journeo Edge intelligent gateway in open formats.

JOURNEO PORTAL

The Journeo Portal is a secure, scalable and easy-to-use platform that enables our customers to gain operation-critical insights from the data generated in real time by their vehicles.

Sold as SaaS, the Journeo Portal integrates seamlessly with new and legacy on-board solutions to provide a complete view of on-board system health monitoring, whilst enabling users to perform key tasks more easily, such as video evidence handling, driver performance monitoring and operational safety management.

OPERATION OPTIMISATION TECHNOLOGIES

We capture and process data from multiple on-board technologies to optimise operations. Using intelligent automation, we provide solutions that can manage customers' operations for them, provide exception alerts and disseminate data to key decision makers. For example, improving the utilisation of large surface area car parks for bussing services at Gatwick, Heathrow, Dublin and Stansted airports.

At a glance CONTINUED

Infotec

Infotec designs and manufactures robust Passenger Information Display (PID) solutions for the heavily regulated rail market. Working with Network Rail and Train Operating Companies (TOCs), Infotec has on-platform display signage in approximately 80% of UK rail stations; with over 12,000 devices shipped and installed.

Infotec displays are built to withstand the challenging environment of public-space operation for very long operational life and are designed, manufactured and compliance tested at our Leicestershire factory.

Installed displays are supported through Infotec's cloud-based Javelin content and asset management software to ensure that its customers can provide the correct priority information to passengers through open platform protocols.

Infotec's display products have recently extended into the North American market, where they are supplying units for the New York Subway (Metropolitan Transportation Authority) on behalf of Outfront Media.

Bespoke display formats have been created to meet the unique requirement, providing the MTA with a tailor-made solution, backed by proven quality and reliability.

£19.7m
Revenue since acquisition

Read more on **Chief Executive's report** on pages 14 to 16

SOLUTIONS

TETRUS HARDWARE PLATFORM

On-station and in-vehicle displays can be seen at rail stations or on trains throughout the UK, built on a common hardware platform that enables Infotec to provide single-colour LED, RGB LED or TFT displays, all operating through open standard protocols. Robust and designed for long-term use in public space environments, quality is assured via strict compliance testing completed in-house through state-of-the-art EMC and safety testing centre, resulting in products accredited to EN50121-4, EN50155, EN45545 and PRM-TSI Standards. Infotec works closely with customers to deliver a constant evolution of displays to meet the current and future needs of the rail market.

TSPLAYER

Exclusively created for Customer Information Systems, Infotec's agnostic software platform has been designed and developed to convert open-protocol data into understandable information displayed on any LED or TFT screens, for the benefit of the travelling public. As robust as the hardware platforms it operates on, tsPlayer provides super smooth animations and pixel-perfect presentation. Integrated audio and Text To Speech (TTS) capability ensures that the information delivered to passengers remains accessible to all users of the system.

JAVELIN CONTENT AND ASSET MANAGEMENT

Cloud-based content and asset management software puts the power to manage and monitor information estates directly in the hands of customers. Users have the ability to set and create templates, build and deploy playlists, or simply monitor the health and performance of the displays that they oversee. Easy to navigate and understand, the software has been designed to ensure that customers are able to get the most from their displays, without the need to constantly manage the system.

MultiQ

MultiQ is a leading provider of fleet management and infotainment solutions to the Nordic market. The business works with public transport authorities and leading operators throughout Denmark, extending into Sweden.

MultiQ has an in-house development resource and provides customers with an end-to-end solution that includes tailored solution design, project management, on-site installation services and extended maintenance and support services.

The Company has a strong history of building SaaS-based revenues, providing cloud based solutions to monitor and manage the advanced solutions that MultiQ provide.

£1.1m

Revenue since acquisition

Read more on **Chief Executive's report** on pages 14 to 16

SOLUTIONS

IBI FLEET MANAGEMENT

The IBI Fleet Management platform gives customers the power to manage the solutions installed within their fleet, including CCTV, on-board systems communications and Voice over Internet Protocol (VoIP) systems. Designed to be simple, fast and intuitive, customers have the power to track their vehicles and obtain service critical information from elastic big data storage, such as vehicle location, fuel consumption and battery status information.

ON-VEHICLE SYSTEMS

Specialists in the design and integration of on-board systems, MultiQ create on-vehicle system networks that enable operators to collect data from on-vehicle systems that is essential to demonstrating to the regional transport executives that they are performing against their contracts in a highly regulatory environment. Data captured is also leveraged to drive other on-board systems within the network such as advanced passenger infotainment systems.

DIGITAL SIGNAGE

MultiQ provide a comprehensive range of on-vehicle and in-street digital signage, built to MultiQ's own designs. The robust solutions have been created to operate in the challenging conditions of the Nordic and Scandinavian region, delivering clear and reliable information to passengers. MultiQ work with local and regional data providers to ensure that real time information is correctly handled and the right information is delivered to the right location, at the right time.

Chairman's statement

"The execution of our strategy has momentum and is enabling us to deliver valuable products, software and services for our customers whilst continuing to deliver strong financial performance and growth for our shareholders."

Mark Elliott
Non-executive Chairman

Introduction

This has been a transformational and successful year for Journeo. We generated strong organic growth within our Fleet Systems and Passenger Systems businesses, as well as non-organic growth through the acquisitions of Infotec in January and MultiQ in September. As a result, the Group's capabilities within its established markets, and its ability to enter new markets and territories has grown significantly.

The Group's strategy is delivering positive results, demonstrated by the increased adoption of our technologies and software with new and existing clients, and our strong financial performance.

The Group's sales are increasingly based on our own intellectual property which is driving an increase in recurring revenues from our SaaS platforms, and sales of our specialist products and services to customers in the UK, the Nordics and the USA.

Trading results

Group underlying profit increased by 270% to £4.3m for the year ended 31 December 2023 (2022:£1.2m).

Overall sales increased by 118% to £46.1m (2022: £21.1m) and gross profit increased by 84% to £14.3m (2022: £7.8m). Organic sales growth was 20% and organic gross profit growth was 2%.

Fleet sales increased by 31% to £16.3m (2022: £12.5m) as bus operators continued to increase investment, backed by Government stimuli.

Gross profit increased to £3.9m (2022: £3.7m) with margins decreasing to 24% (2022: 30%) as significant levels of hardware with a future SaaS benefit were installed and supply chain and other cost increases impacted across the majority of the financial year.

Passenger sales increased by 5% to £9.0m (2022: £8.6m). Margins fell slightly to 44% (2022: 47%), as a result of cost pressures during the year.

The Infotec and MultiQ acquisitions delivered sales of £20.8m and gross profit of £6.4m. Margins were 30% at Infotec and 48% at MultiQ.

Underlying administrative expenses increased to £10.1m (2022: £6.7m) reflecting the significant growth in the Group. Investment was made in Research and Development and other teams during the year and inflationary cost pressures were felt.

Profit before tax was £3.7m (2022: £0.9m).

Diluted earnings per share (EPS) was 17.96p (2022: 9.80p).

Cash and cash equivalents at the end of the year were £8.1m (2022: £0.5m).

Markets

The goal of Carbon Net Zero emissions by 2050 remains a significant challenge for the UK Government and many of its counterparts on the global stage. Whilst the 2024 General Election could signal a change in transport strategy for the UK Government, we do not anticipate a major shift from the current approach that has seen the promotion of, and investment in, sustainable public transport. The adoption of mass public transport is one of the keys to delivering a Carbon Net Zero future for the UK, and we continue to develop, implement and manage underlying technology systems that will contribute to enabling that future.

The momentum that Journeo has achieved as a technology and solutions company, selling a mixture of software, hardware and services to domestic and international markets, is a result of close collaborative work with our customers, as we support them to meet new and emerging challenges.

Environmental, social and governance

Over the past two years, we have been working to formalise our approach to sustainability and identify our key areas of focus. The integration of recent acquisitions has required us to expand our approach to collecting Group-wide data and we are committed to ensuring our Carbon Reduction Plan is published within 2024.

Areas on which we targeted to take leading positions, however, have taken significant steps forward. The introduction of an employee assistance programme and assessment of new human resources software systems will support our existing process and ensure that, as we grow, Journeo remains an employer of choice for emerging talent. This, coupled with leading the market in product developments such as the introduction of new open standards, are markers for our commitment to the continued development of the Group.

People

Over the course of the year, the Board was strengthened with the appointment of Barnaby Kent as an independent Non-executive Director and through an active recruitment program and two acquisitions, we have seen the number of people that make Journeo a dynamic, successful and exciting place to work, grow.

I am delighted that the new team members share our values and commitment to customers, and would like to take the opportunity to extend my thanks to everyone at Journeo once again.

Outlook

Our strategy is to grow Journeo through a combination of close bonding with our customers, engineering excellence and technology leadership, supported by targeted acquisitions of businesses that share our ethos and provide a route to market for our core capabilities.

We look to the future with a growing sense of confidence. The execution of our strategy has momentum and is enabling us to deliver valuable products, software and services for our customers whilst continuing to deliver strong financial performance and growth for our shareholders. The increasing barriers to entry into our sector are helping us to establish defendable market positions.

Our strong cash position is allowing us to invest in the business and ensure the long-term prosperity and profitable growth of the Group. We continue to seek out complementary acquisitions which can provide Journeo with access to adjacent markets or increase the services we deliver into our current markets. Further, through deep industry insight, research and development, and close customer relationships we are moving into leadership positions within sectors of our target markets.

We entered 2024 with a strong order book, a growing sales opportunity pipeline, and reduced reliance on third-party technology. This gives us the confidence that we will continue to deliver on market expectations.

Mark Elliott
Non-executive Chairman

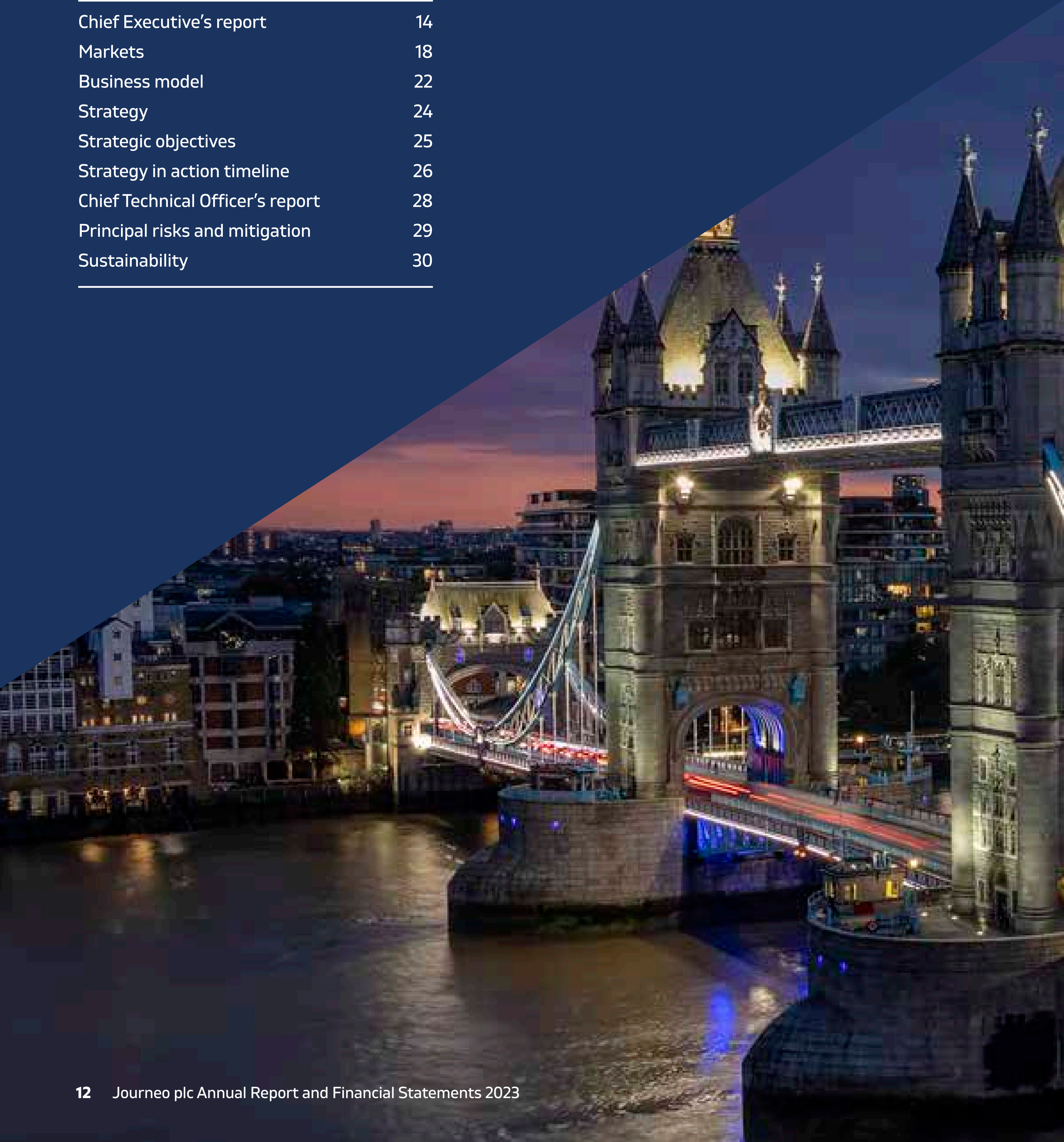
26 March 2024

Read more on **Consolidated statement of accounts** on pages 50 to 79

Overview

Journeo

Strategic Report



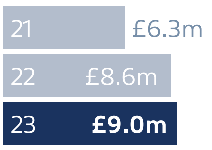
> *"In the past year the Group has made significant progress towards its aim of becoming a market-leading provider of intelligent transport systems."*

Russ Singleton
Chief Executive

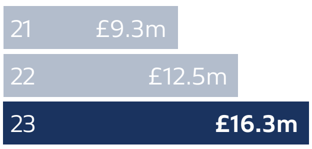
Chief Executive's report

> *"Adoption of mass public transport remains the only viable solution to reduce emissions generated by the movement of people and provide a meaningful contribution to achieving Carbon Net Zero."*
>
> **Russ Singleton**
> Chief Executive

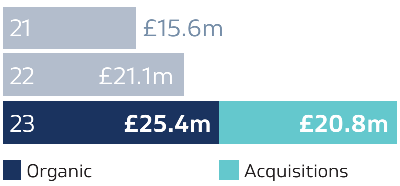
Passenger Systems revenue



Fleet Systems revenue



Group revenue



Introduction

In the past year the Group has made significant progress towards its aim of becoming a market-leading provider of intelligent transport systems.

Our long-term success is underpinned through our investment in developing the technology and solutions that meet the needs of our customers today, and prepare them for the challenges of tomorrow. The strategic acquisitions of Infotec, which has provided enhanced access to the rail market and the Group's first US-based contracts; and MultiQ, who provide intelligent transport system solutions to customers in Denmark, Iceland and Sweden, are extending the reach and capability of our established businesses.

We continue on this trajectory whilst being mindful of the risks that remain in our target market sectors. The long-term impacts that the COVID-19 pandemic have had on the transport sector cannot be understated. A dramatic increase in the number of people working from home, easy access to credit and the expansion of internet shopping continues to suppress the number of people using public transport. That being said, adoption of mass public transport remains the only viable solution to reduce emissions generated by the movement of people and provide a meaningful contribution to achieving Carbon Net Zero.

The investments being made by local authorities, transport network ruling bodies and fleet operators to make public transport a more efficient, safer and reliable way to travel is placing increased reliance on the type of solutions that Journeo provides.

Operational review

Fleet Systems

I am pleased to report strong revenue growth from Fleet Transport Operator Systems, increasing sales by 31% to £16.3m (2022: £12.5m). Margins were lower than the prior year mainly due to the technology-mix of sales with a future SaaS revenue benefit. There was a small improvement in margins during the second half of the year and this improvement is expected to continue thorughout 2024.

The performance for the year was in line with management expectations and we expect to see further improvement while we grow our brand and technology presence in rail markets. In March 2023, we announced a £0.6m contract with CrossCountry Rail for the upgrade of legacy systems previously installed by Journeo in 2012. The upgraded camera systems were connected to the Journeo Portal, providing stakeholders such as CrossCountry teams, Network Rail and the British Transport Police with direct access to footage for rapid incident management.

In April 2023, we announced a one-year extension to our Framework Agreement with Arriva UK Bus, through to April 2024. Separate to Journeo's three-year fleet-wide SaaS contract (announced in November 2021), the extension builds on the relationship between Journeo and Arriva, that has been in place since 2010.

We continue to see progress in our Airport Passenger Transport solutions. In March 2023 we announced a new five-year extension to our software and support contract at Gatwick Airport, valued at £0.5m. Shortly after this we received a purchase order from First Bus to install our software at East Midland Airport, extracting further value from our IP-backed solutions.

With operators reliant on our solution at six major airports in the UK and Ireland, we are looking to leverage our position to expand our presence at home and overseas.

Passenger Systems

The performance of our Passenger Transport Infrastructure business was in line with management expectations, delivering a 5% growth in revenues to £9.0m (2022: £8.6m). Margins were lower than in 2022, however, we are pleased to see the sales progress in the business and believe it has the potential to outstrip its current performance through changes and cost efficiencies that we are implementing.

The acquisition of Infotec gives Journeo the power to consolidate its display technologies, streamline supply chains and exercise greater control over production costs. Simultaneously, Journeo is working to migrate the EPIX Content Management System to a SaaS solution, the Journeo Portal. Historically, local authority budgets have been directed towards capital expenditure, and so not invested in subscription-based solutions. However, this is starting to change as customers realise the value of the continuous improvement that is the cornerstone of cloud-based technologies.

A notable development during the year was a £1.0m software and service contract from Transport for Wales (TfW). This first-of-its-kind contract seeks the disaggregation of software services for Real Time Passenger Information (RTPI) estates from the displays that are located within urban and rural areas. Disaggregation enables local authorities to purchase displays from any provider, as long as they operate on open industry standards. Journeo is at the forefront of developing these standards and we expect to see the first displays migrate to the platform within the first half of this financial year. Since the year end Cardiff City Council and TfW has invested a further £1.6m in Journeo displays technology to be connected to the new platform.

In September, Journeo received £2.25m in purchase orders for RTPI displays technology and associated software services from Hertfordshire County Council. Hertfordshire County Council supported in the development of the Bus Back Better strategy and is focused on driving improvements within their transport network. Journeo has enjoyed a 20-year relationship with Hertfordshire and is working closely with the authority as they drive improvements in their transport network. Whilst unavoidable delays to install the technology have restricted our ability to realise the value in the contract across 2023, the obstacles have now been overcome and will benefit the Group in 2024.

A purchase order of £2.0m from a Northern Transport Partnership was also received in September 2023. The project is an expansion of the partnership's RTPI estate that, following several successful years of close collaboration, is now one of the largest RTPI estates in the country and is comparable in size and complexity with the system in London.

The Passenger Transport Infrastructure business enters 2024 with its strongest ever order book and a clear strategy to improve operating margins.

Infotec

The acquisition of Infotec via a significantly over-subscribed placing and retail offer, was an important step in Journeo's evolution. In addition to strong revenues of £19.7m and a gross margin of 29.8%, longer-term value will be realised across the Group through the consolidation of technologies and efficiencies in manufacturing.

Chief Executive's report CONTINUED

Since the acquisition we have invested £0.4m to enhance surface mount production capacity, resulting in significantly reduced production lead times. The investment is enabling us to keep pace with a large US-based contract whilst also maintaining momentum for orders won in our domestic markets.

We were pleased to announce purchase orders from Network Rail and Northern Trains totalling £2.4m. These awards reflect the market-leading position Infotec has within the UK rail industry, supplying approximately 80% of rail stations. The displays are recognised for their robustness and longevity, and the continuing advancement in technology offers a high level of repeat business.

Significant progress has been made to integrate Infotec into Journeo. By working more closely we will leverage synergies in the technologies we provide, with the aim of improving the margins delivered by all operating companies in the Group.

MultiQ

The acquisition of MultiQ Denmark A/S ("MultiQ") was completed in September 2023 for a total consideration of €2.5m on a debt-free, cash-free, basis. This provides Journeo with an established, full-service provider of Intelligent Transport Systems (ITS) to fleet operator and local authorities in the Nordic region. With a strong history of developing and supplying public information systems for bus, including fleet management software and on-board passenger infotainment, MultiQ was part of a larger group that was acquired by the Swedish company Vertiseit AB in May 2022.

The pure ITS focus of MultiQ is a good fit for Journeo and will provide access into Nordic and Northern European markets and the strong SaaS-based sales approach delivers approximately 40% recurring revenue.

Central Services

The Group's growth over the last 12 months has necessitated developments to our organisational structure, and investment in our Finance and HR teams to enhance transparency and reporting capabilities. We are assessing our business systems where we see opportunities for consolidation and improvement.

Journeo strives to maintain its position as a trusted and responsible member of the business community, delivering our customers solutions that can be relied upon for quality, robustness and security. We are working closely with our supply chain partners and system providers, monitoring the impact of global events to maintain the supply of essential components. Throughout the course of 2023, we maintained all ISO and cyber accreditations, demonstrating our commitment to maintaining governance and quality systems.

Finally, we are continuing our work on ESG, with a further update available in the sustainability section of this Annual Report. We maintain honest and open communication with our customers, and carried out an online customer survey during the year which has provided valuable insight into why customers place their faith in us and what we can do better, as we continue to deliver operation-critical solutions to vehicle fleets and the wider transport infrastructure network.

Russ Singleton
Chief Executive

26 March 2024


Station Place
WALKING ROUTES
12:20

Markets

Global megatrends

Rapid urbanisation

Climate change and resource scarcity

Shift in global economic power

Demographic and social change

Technological breakthroughs

Transport trends

Increased congestion.

Changing passenger demand.

Move to zero-emission vehicles.

Use of renewable energy.

Vehicle production rising in Asia.

Continuing globalisation and standardisation within supply chains.

Fewer journeys per person due to rise of the internet.

Long-term reduction in young people holding driving licences.

Transport in the Smarter City and IoT.

More intelligent transport.

A future of driverless and on-demand services.

UK Government policy

Changing Government policies

The transport sector, and particularly public transport, plays a key part in any strategy to reduce emissions and congestion. Most cities and governments have policies to encourage the use of public transport and these policies have a major effect on the markets we serve. In the UK, passenger numbers have been declining for many years, leading to a reduction in funds available for investment by our Passenger and Fleet customers. That said, pre-COVID, bus transport remained the most used form of public transport with more than 60% of all public transport journeys.

The sector now faces the double challenge of attracting customers back to public transport to pre-pandemic levels as well as revitalising mass public transport to meet environmental ambitions. In March 2021, the UK Government launched the National Bus Strategy for England, which has made available £1.4bn of funding and includes important changes to revenue support and the creation of 'turn-up-and-go' high-frequency networks in England. Ticketing will be made simpler, with flat fares, daily 'capping' and high-quality passenger information.

Local transport authorities are at the heart of bus network revitalisation and funding decisions from the DfT were released in 2022. Funding is linked to specific projects, and we have worked with customers to identify areas where we can add value or optimise their transport networks.

The new initiatives, driven by the increased funding, are beginning to deliver results. Whilst we have not seen a return to pre-pandemic levels, passenger bus journeys in England saw an increase of 0.5 billion journeys in the year ending March 2023.

The Williams-Shapps Plan for Rail, published in May 2021, also aims to place rail as a viable option over the personal-use car and the release of CP7 in April 2024 will set the next tranche of funding for the UK's rail network.

The franchising model, already replaced with Emergency Recovery Measures Agreements (ERMA) due to the financial impact of COVID-19 on train operators' revenues, is likely to change to a concession model using the Permanent Concession System (PCS), led by the new Great British Railways (GBR) body.

The PCS puts demanding passenger satisfaction requirements in place, in which the passenger experience is one of five pillars that PCS holders must meet to receive performance incentives.

The William-Shapps Plan for Rail sets out a 'New Deal for Passengers' of which making the railway easier to use is a key deliverable. Number one on the Plan's list of ten key deliverables is a 'modern passenger experience' and the Plan sets out that clear, consistent passenger information is a must-have.

The quality of information at railway stations and on-board trains is specifically referenced in the Plan. GBR will be made up of powerful regional divisions, with budgets and delivery held at local level, not just nationally, to ensure that railway stations meet new standards for passenger information.

It is expected that existing passenger rolling stock will be refurbished, with upgraded passenger information systems. This is likely to be part of the DfT's 30-Year Strategy, which is to provide clear long-term plans for transforming the railways to strengthen collaboration, unlock efficiencies and incentivise innovation.

The DfT has commissioned a Whole Industry Strategic Plan, that will become the first 30-Year Strategy.

The Plan for Rail also says that the safety and security of passengers, of which CCTV is a key component, is 'critical' and 'must continue'.

Net Zero

The UK became the first major economy to enshrine Net Zero by 2050 in law. The ministerial foreword to the DfT report, Decarbonising Transport – Setting the Challenge, sets out that:

"Public transport and active travel will be the natural first choice for our daily activities. We will use our cars less and be able to rely on a convenient, cost-effective and coherent public transport network."

Significant investment from bus manufacturers is seeing technologies (predominantly electric and hydrogen vehicles) mature rapidly, and several large bus operators have already stated that they will never buy another diesel vehicle. We can expect this shift in technology to accelerate, with most consumer-grade vehicles now also focusing on zero-emission vehicles.

Bus Services Act 2017 and National Bus Strategy (2021)

The Act provides powers to England's metropolitan areas outside London, to redress the negative effects of deregulation such as variable quality, lack of integration and fragmented services. The National Bus Strategy for England encourages local authorities to leverage the powers contained within the Act. Funding has been impacted by Government spend on maintaining services during the pandemic, but in 2021, £1.4bn funding was announced to cover the three-year period of 2022-2025. DfT funding was announced in 2022 and the first tranche was released late in the calendar year. A further £160m BSIP+ funding was announced in 2023 to support regions that were not successful in the first rounds of funding, to ensure that the development of bus transport is delivered across the UK.

Additionally, City Region Sustainable Transport Settlements (CRSTS) totalling £5.7bn were announced for Transport Executives in 2022, to enable major city areas to level-up their transport networks in line with the public transport provision available in London.

Fleet Transport Operator Systems

The market

We supply safety and information systems to bus, rail, rail freight, light-rail and specialist vehicle operators, as well as integrated solutions to enclosed transport operations, at locations such as airports. Our solutions tend to be provisioned at a fleet-wide level rather than individual vehicles.

UK bus is currently our largest market where the main drivers for revenue are the systems for new vehicles, the fleet-wide adoption of new technology to meet operational needs and ongoing services to the fleet.

Pre-pandemic, the UK bus market had falling passenger numbers, rising costs, fare pressures, changing technology to carbon-zero vehicles, reduced Government subsidies and regulatory changes. This resulted in new bus and coach registrations falling for consecutive years, culminating in significant reductions during the COVID-19 period.

However, the National Bus Strategy for England and ZEBRA (Zero Emission Bus Regional Areas) funding signals a move away from restricted funding to an incentive-based programme, through Enhanced Partnerships and franchising run by local authorities. To access funding, services must have a plan for improvement, with the Government's ultimate goal to make buses and bus services so appealing that they become the de facto choice for mid-range and inner-urban journeys.

As the effect of changing Government policies filters through and now that restrictions have been lifted, we are beginning to see an improving situation.

A similar shift is occurring in the passenger rail market and the publication of the Williams-Shapps Plan for Rail report sets out how the quasi-nationalisation of the railways that occurred during the pandemic, is paving a way out of the feast and famine approach to franchise-era upgrades.

The Plan puts passenger experience and satisfaction at its heart, with demanding standards for the delivery of passenger information directly linked to rail operators' performance incentives.

The DfT is to publish a 30-Year Strategy for the railways, which is expected to include improved on-board passenger information systems to be fitted during refurbishment.

Our response

We strive to continuously improve the range and quality of our services to customers and invest in IT systems and our core capabilities which are applied across all our customer accounts.

The National Bus Strategy is expected to accelerate the quality and consistency of bus services throughout England in the coming years. It will create demand for new technologies that drive operational efficiencies and improve the passenger experience which will be key to achieving the Government's goals.

We have invested £6m into Research and Development over the last four years, placing us in a strong position to capture market share and growth.

For instance, our Remote Condition Monitoring (RCM) solution provides operators with a cost-effective route for ensuring the critical systems on their vehicles are working to meet regulatory and operational requirements. RCM also helps improve availability and reduces lifecycle costs through predictive maintenance and extends product life.

Our Agnostic Video Management System has proved valuable to customers looking to standardise data security in accordance with GDPR processes across large fleets with a mixed technology base. From within our customer base, this has been proven to increase efficiency and lower the cost of evidence retrieval.

We continue to broaden the range of safety solutions by introducing more complementary products. For example, Journeo Camera Monitoring System (CMS – sometimes known as Digital Wing Mirrors) has now been installed on over 3,000 new vehicles across 27 operators and is now beginning to be retrofitted to fleets as well, including London's iconic New RouteMaster.

Many customers are multinational fleet operators and our technology-based approach is opening new opportunities and routes to market.

Passenger Transport Infrastructure Systems

The market

We supply passenger information systems to the local authorities and Passenger Transport Executives (PTEs) that manage transport networks.

The last decade has seen limited investment in passenger information systems, but recent changes in Government policy have led to increased activity in the UK Passenger Systems market. The first tranche of Transforming Cities Funding was released to PTEs and local authorities in 2019. This is regarded as a positive trend and we continue to receive purchase orders from the second tranche of the funding.

Following the release of the National Bus Strategy for England, local authorities submitted their BSIP to the DfT and £1.4bn of funding was announced. A further £5.7bn was announced to support Transport Executives in major city regions to level-up their public transport provision. The new Enhanced Partnerships this will deliver enables them to better influence bus service provision in their region and invest in bus prioritisation and service improvement measures.

Passenger information systems deployed for rail applications must meet a higher grade of regulatory acceptance in order to be deployed, both on-vehicle and on train station concourses and platforms.

The Williams-Shapps Plan for Rail sets out a 'New Deal for Passengers'. Number one on the Plan's list of ten key deliverables is a 'modern passenger experience' and the Plan sets out that clear, consistent passenger information is core to that deliverable.

Our response

Our strategy of combining engineering services, partnerships with complementary industry specialists and our own latest generation of industry-specific solutions has produced a powerful competitive advantage for large and complex infrastructure projects.

Our Journeo EPIX Software has been developed in close collaboration with our customers to meet their emerging needs as their requirements grow with their new powers and responsibilities. We have now begun the integration of the solution into our popular SaaS-based Journeo Portal to take advantage of new industry open protocols.

We are also developing new solutions in response to the needs of local authorities and PTEs as we seek to extend our role in the transport sector of the wider Smarter City; for example with our new air quality monitoring sensor.

We have emerging business opportunities in cycling and walking, low-power solutions, emissions measurement and road surface analysis; all of which will support local authorities as they work to achieve the UK Government's goal of making public transport the de facto choice of transport in an effort to meet their Net Zero targets.

We have invested in the acquisition of Infotec Ltd, the market-leading provider for passenger information systems in the rail market. This is providing further opportunity for core Journeo technology and is delivering enhanced manufacturing techniques to the displays we deploy in the bus market.

Additionally, Infotec has an international reach with flagship contracts in the USA that will provide an avenue for the international expansion of Journeo solutions.

Strategic Report

Business model

Our core capabilities have developed through practical experience in creating market-leading solutions for the unique requirements of the transport community.

Key resources

Engineering excellence

Our people and culture are aligned to the needs of our customers. The importance of our solutions in the day-to-day operations of our customers informs our actions. Our customers demand engineering excellence, and this is at the heart of our expertise.

Technology leadership

We support our customers' legacy systems, today's new purchases and tomorrow's strategic direction. We have a 360° view of the technology relevant to our customers and the capability to develop products and software that meet the transport community's unique requirements.

Affinity with customers

Like our customers, we have a long-term commitment to the transport sector. We are specialists and understand the importance of creating solutions that are leading-edge but also durable and cost-effective over the long term.

Third-party relationships

We are key members of the transport ecosystem and work inclusively and collaboratively with industry complementors to deliver the solutions required by our customers.

Activities

Engineering services

A full spectrum service including design and through to installation, management and field support services.

Technology provider

We combine a deep understanding of customer needs with our Research and Development capabilities to create innovative, new, open-platform products and software solutions that increase performance and decrease costs for our customers.

Support services

We provide vital services to our customers, delivering best practices and processes to enable them to deliver efficient and consistent results for their customers.

Competitive advantage

Open technology

We leverage industry standards, enabled by our own IP, to ensure we can support legacy solutions directly alongside the latest technology solutions.

Bespoke solutions from core technology

The flexibility of our technology enables Journeo to deploy the same core technology across both on- and off-board technology solutions, adapted to its use case.

Long product lifecycle

The longevity of our Journeo solutions enables us to maintain customer relationships for longer and create a barrier to entry for new entrants.

Installation and servicing

Our expertise enables us to support our customers for the full lifecycle of the solutions that we install, further embedding Journeo into our customers' operations.

Diversified income streams

Solutions sales

into vehicle fleets and passenger transport infrastructure.

Integrated sales

creating new converged solutions from previously disparate or closed technologies and applications.

Know-how and IP sales

enhancing legacy systems by driving additional value from the systems our customers have already invested in.

Design, installation, services and support

assuring high performance and reliability across the total lifecycle for our customers.

Managed solutions

providing our customers with total peace of mind.

Value created for stakeholders

Customer end user

We seek to become a trusted partner and are proud of the long-term relationships we forge, with new and existing customers. Our solutions are designed to continuously deliver value, in the short, medium and long term.

>22,000
assets connected to our cloud platforms (2022: 15,000)

Key suppliers and complementors

Our market presence and engineering capabilities provide an attractive route to market to global product businesses and our supply chain. As innovators, we work closely with industry influencers.

720
partners in our global supply chain (2022: 407)

Our people

We aim to attract and retain great people by providing interesting and rewarding roles that allow and encourage opportunities for personal development.

194
people (2022: 106)

Shareholders

By developing our own intellectual property and technologies, we have reduced our reliance on third-party suppliers and are now accessing opportunities that were previously inaccessible to us. As we apply these to more complex projects and a wider range of markets, we expect to generate increasing value for our shareholders.

17.96p
Diluted Earnings Per Share (2022: 9.80p)

Passengers

The systems we create improve the provision of information, increase the efficiency of services, seek to minimise environmental impact and safeguard members of the public whilst they use public transport.

>1 million
passenger journeys rely on Journeo, every day

Strategy

Connected systems for connected journeys.

Our overall strategy is developed through initiatives grouped into four strategic goals focused on our customers, our capabilities and our stakeholders:

Customer bonding

We aim for deep customer bonding through the critical technology solutions we provide to the transport community which capture, process and display essential information to improve journeys. We carefully select niche markets where we can generate significant market share.

Engineering excellence

We support our customers' legacy systems, today's new purchases and tomorrow's strategic direction.

We invest in the skills and capabilities of our people to deliver engineering excellence and technical leadership across the lifecycle of solutions.

Technology leadership

We are an open technology provider and partner with many leading global-scale product companies and local industry specialists to deliver our solutions.

We have a 360° view of the technology relevant to our customers and the capability to develop products and software that meet the transport community's unique requirements, as well as the engineering services to deliver and support the solutions.

Business growth

We are strategically positioned for growth, as solutions in the transport community converge, with significant presence in passenger transport infrastructure and fleet operators' safety and management systems. Journeo's software and services are driving an increasing number of our new business opportunities.

We continue to evaluate acquisitions where they provide a route to market for our core capabilities.

Strategic objectives

We set objectives to advance our strategic goals with regular performance monitoring by the Board and management. The following table highlights the progress we have made this year:

	Customer bonding	Engineering excellence	Technology leadership	Business growth
2023 OBJECTIVE	Further align Journeo solutions with customers' growing need for sustainable infrastructure solutions. Apply framework to objectively measure customer retention, loyalty and satisfaction.	Apply Journeo software and service capabilities into new acquisitions. Harness the manufacturing expertise of Infotec, and deploy to solution development across the Group.	Extend the Journeo Portal to be the home for connected transport infrastructure, alongside connected vehicles. Design unified displays platform to deliver high-performance, low-energy solutions.	Rationalise procurement and manufacturing to reduce lead times and deliver lower cost solutions to our customers. Target complementary acquisitions to support the growth of the Company.
PROGRESS	We have further developed our ultra-low power displays, with v3 of our solar-powered solution entering customer estates throughout the year. We distributed our first customer survey, including a Net Promoter Score and gained valuable insight into our customers' experience, that is currently informing decisions on structuring the business for the future.	Joint projects are underway, with a long-term goal to consolidate the design and manufacturing process. Work has begun at the micro-electronic level, to create a strong core from which our future solutions can be built. £0.4m investment in enhanced surface-mount capabilities at our Ashby-based Infotec production facility.	Works on the Journeo Portal to connect transport infrastructure are ongoing, with the first Passenger Information Displays expected to be connected to the system in H1 2024. Initial designs for a unified displays platform are under evaluation amongst our development teams.	Process has begun but is expected to be complete in the medium term, due to the heavy order flow that is currently pushing through both Journeo factories. Journeo further acquired MultiQ in September 2023, providing a base in the Nordic region from which to access customers with Journeo technology.

Further, we are pleased to set out our key objectives going forward as part of the continual development of Journeo.

Customer bonding

Build upon our initial customer satisfaction survey and create a framework for measuring improvement in our performance.

Review processes to ensure customer success for the entire lifecycle of customer projects.

Engineering excellence

Establish a centre of excellence for solution design to work at a Group level across all our companies, accelerating consolidation and strengthening consistency.

Technology leadership

Improve our alarming and alerting platforms through enhanced machine learning techniques.

Business growth

Continue process of rationalising procurement and manufacturing to reduce lead times and deliver lower cost solutions to our customers.

Continue to target further complementary acquisitions.

Strategy in action timeline

2019/20

£11.4m / £12.6m
2019 Revenue 2020 Revenue

- **Renamed Group Journeo plc** – to better reflect the Company's evolution into a provider of IoT based, connected technologies to the transport community.
- **Secured London Stansted Airport upgrade project** - based entirely on our own software with National Express.
- **Release of the Journeo Portal** – providing a single point of access for our Fleet Operator customers to manage the operational efficiency of their technology solutions.
- **Major project wins** – including a £0.8m order from the £4.8m contract secured with City of Edinburgh Council, for real time information systems and associated displays technologies at City of Edinburgh Bus Station.
- **Initial sales of LED and low-energy products** – £0.6m award to upgrade Birmingham city centre transport infrastructure.

2021

£15.6m
2021 Revenue

- **Launch of London Stansted Airport project** – delayed throughout 2020 by COVID-19 and launched on the re-opening of Stansted Airport Car Parks, the solution utilises machine learning and AI tools to provide automated driver management, enabling the system to completely manage the transfer service and ensure the operator remains within SLA.
- **Wider market adoption of Journeo technologies** – monthly connections to the Journeo Portal and enabling technology increased from 3,000 to 4,000 within the year, with further orders received just prior to year end.
- **Customer wins in Wales** – with previously limited amounts of real time information displays in the region, Journeo have made impressive gains ahead of future anticipated TfW changes.
- **Further expansion of our Airport Solutions** – key wins at London Heathrow Airport and Bristol Airport sees further adoption of our airport car park transfer solutions.

2022

£21.1m

2022 Revenue

- **Major fleet-wide rollouts** – building on the previous success of the Journeo Portal, connections increase by 150% from 4,000 to 10,000 connected assets following major fleet-wide rollouts to Arriva UK Bus and First Bus UK, as part of the Company's largest ever framework agreement, valued at £9m.
- **Increased deployment of core Journeo technology** – successful awards from a Northern Transport Partnership will result in the same core Journeo technology deployed to on-vehicle systems being applied to legacy display estates through our Passenger Transport Infrastructure business. Over 1,600 displays will have their lifespan increased through deployment of the Journeo Edge to support ongoing connectivity.
- **Continuing success of flagship projects** –following the successful launch of systems at the City of Edinburgh Bus Station, further orders for over 400 on-street displays valued at £2.1m are secured, including Journeo's new optically-bonded displays.
- **Largest ever software-only order secured** – valued at over £1.2m for two years' licensing, the agreement with Scotrail is a purely software-driven sale that is a result of the dedicated work of our small and agile rail team.
- **Commenced Mergers and Acquisition (M&A) work** – with successful £8m fundraising and placing (completed 17 January 2023).

2023

£46.1m

2023 Revenue

- **Group expansion through acquisition** – the acquisition of Infotec and MultiQ has delivered impressive revenues in addition to the Group's strong organic growth. Supplementary to this, the acquisitions are delivering further efficiency opportunities through the consolidation of supply chain, manufacturing and deployment processes. These efficiencies will be delivered in the coming years as our technology converges.
- **Strategic investment into production capabilities** - £0.4m invested in Journeo's surface-mount capability at Infotec's Ashby-based manufacturing and production facility, enabling the Company to keep pace with the requirements of the US-based contracts in addition to orders from our domestic markets.
- **Active recruitment programme** – with an expanding team across multiple operating companies, we invested in new key roles to support the continued development of the Group.
- **Commenced integration programme** – focusing on core products and technologies, we have commenced projects to consolidate the IP held within the Group into a core set of platforms to facilitate improved margins for future sales.
- **Increased focus on SaaS-based sales** – Journeo were selected to deliver a national Content Management System for Wales using the latest industry open standards primarily for bus, but also including multi-modal departures in this software-only contract win. The secure and scalable system will feature improved, stop-centric management, enhancing the ability to provide data agnostic to display type and to third-party systems.
- **Continued expansion of our Airport solutions** – following successful delivery of our airport solution at Dublin Airport, on behalf of Aircoach and their parent company, First Bus. Journeo were selected by First Bus to deploy our solution at East Midlands Airport.
- **Notable project wins throughout the year** – a number of substantive and notable contract wins throughout the year including replacement programmes with Northern Rail to provide updated Infotec displays to their infrastructure (£1.7m); further expansion to an information estate operated by a Northern Transport Partnership, making it comparable in size and complexity to London (£2.0m); and, purchase orders from Hertfordshire County Council, one of the Group's longest-standing customers, representing significant investment in their information estate (£2.25m).

Chief Technical Officer's report

"The acquisition of Infotec has also proven to be hugely beneficial, with our new development teams leading the way in consolidating our sign driver electronics across the business."

Dr Andy Houghton
Chief Technical Officer

An exponential growth in, and uptake of, our services and solutions over the last couple of years made 2023 a year of rationalisation and scaling.

Inevitably this process goes hand in hand with any rapid development, and work commenced in 2022; and, following external advice and support, we considered the areas where we could enhance the application of machine learning technology to bring further benefit into the business. This culminated in 2023 with a small proof of concept trial aimed at optimising our Automatic Passenger Counting solutions. Within two months, counting errors across customer systems was reduced, in most cases, to below 2% which, at this time, is an impressive result.

2024 is about building on this work, extending it systematically across all our monitored systems. Remote Condition Monitoring, or RCM, was one of our first transformational stepping stones, bringing true scale to on-vehicle engineering resources. The number and range of systems that we now monitor is such that we need to bring similar scaling benefits to the back-office processes that underpin it, and machine learning is the ideal tool for this. Further, the ability to draw previously hidden inference from large datasets is exciting and promises to bring us closer to proactive fault management where we detect failing systems before they are compromised.

Our airport solutions have not stood still either; we now have two overseas systems, Copenhagen and Dublin. All airports operate differently so these will probably never be 'cookie cutter' solutions but through rationalisation of core components into functional blocks, we have built systems that can easily be replicated and support the tailoring that these complex operations ultimately require. This makes the process of building systems faster and more straightforward. The Copenhagen system was, for example, built in a matter of days.

In our Passenger business the latest RTIG Content Management System to Passenger Information Display standard (RTIGT047) is now trialling in our signage products with two key authorities on the cusp of rolling it out. This initiative increases choice and flexibility for our customers and brings much needed, and long overdue, commoditisation into the passenger information displays market place.

The acquisition of Infotec has also proven to be hugely beneficial, with our new development teams leading the way in consolidating our sign driver electronics across the business into a common hardware and software platform. This gives both economies of scale for manufacturing and a consistent environment for software development as well as reducing supply chain dependencies.

The introduction of MultiQ into the Journeo family is another very welcome step forwards. Bringing their long history of on-vehicle systems creation, our ecosystem opens opportunities for rapid product development and consolidation which we look forward to investigating further over the coming years.

Principal risks and mitigation

The Audit Committee is responsible for overseeing risks material to the business and assesses the likelihood of the risk, and the severity of impact, using the risk management framework of the business. The Audit Committee is chaired by Barnaby Kent.

Risk or uncertainty and potential impact	Mitigation
Changes in Government policy Although the recent release of a National Bus Strategy from the Government and the Williams-Shapps Plan for Rail is broadly welcomed by Journeo, we must remain mindful that this will have major impacts to the transport landscape: **Changes to buying decisions:** – Through Enhanced Partnerships and franchising, operator customers may have less leeway to specify the equipment and hardware that they use within their fleet. **Changes to funding streams** – Whilst the National Bus Strategy has been announced, it is not yet clear how the funding will be allocated and how much will come from existing funding streams such as BSOG, ZEBRA funding and Concessionary Travel Funding. **The General Election** – (Currently believed to take place early this year) may signal a potential switch in transport policy.	Through our Passenger segment, Journeo already works very closely with local authorities and has been engaging with key asset clients on their Enhanced Partnership plans since the release of the Bus Services Act. This provides us with the opportunity to demonstrate our capabilities to both the local authority and fleet operator customers. We continue to work with industry complementors to set system specifications. Whilst a potential change in Government is being predicted by most polling agencies, transport has not featured as a major battleground for pre-election debate, leading Journeo to believe that there is likely to be minimal change in the near or mid-term future. The Board continues to monitor changes in Government policy closely and will continue to set strategy as further details emerge.
Supply chain management The Group has an international supply chain and a growing overseas customer base. Access to, and delivery of equipment, people and materials could still be negatively impacted by the UK exit from the EU. This is potentially exacerbated by the conflict in Ukraine that may impact production and supply routes of some key components.	We initiated a programme of advance purchase and delivery of stock to our warehousing facilities to mitigate any short-term impact. We continue to hold this buffer stock. Whilst no stock comes directly from the conflict zone, we have key suppliers in bordering countries who may be impacted should the conflict become further protracted. We are carefully monitoring the situation and have plans in place for alternate supply chains if required.
Major project delivery Failure to deliver a major project on time or to specification, or technical performance falling significantly short of customer expectations, would have potentially significant adverse financial and reputational consequences.	Risk assessments are conducted for all projects and the major ones are also subject to Board approval. Major projects are reviewed at various levels and frequencies throughout the project lifecycle. Any material exceptions are escalated to the Group management team.
Dependence on key suppliers Wherever possible the Group endeavours to retain a choice of suppliers in the supply chain. In instances where we are reliant on the performance of one supplier for a product or a subsystem, our risk is increased.	We manage this risk with rigorous financial and technical appraisals of key suppliers. We monitor their general performance closely and for major projects we apply the mitigation covered above.
Competition The Group may face increased competition as the technology on and off vehicles moves away from point solutions to broader integrated solutions. This changing technology landscape creates openings for new product and service entrants that may possess better technical and capital resources than the Group.	The Group will continue to increase its technical capability to capitalise on our current market position and work closely with technology partners to broaden our skills. We aim to become a larger group via organic growth and potential acquisitions to provide better economies of scale and increased industry knowledge.
Technology As transport systems become more intelligent and converged, there is a risk that solutions or products can be overtaken by new approaches. The speed of innovation may increase. This may impact our ability to invest in further development in the future and could reduce the product lifecycle for our current solutions in the market.	We are a customer-led business that has made significant investments in Research and Development resources in carefully selected niche markets in which we are recognised experts with substantial field engineering experience. This allows us to continually keep pace with changes and improvements in relevant technology and link this to our customers' changing needs. The Board regularly reviews progress on product development.
COVID-19 The COVID-19 pandemic and Government and societal reactions to events are expected to continue to impact the business. **Our people** – Our fundamental duty of care for their safety. – Our capacity to deliver our services, e.g., customer SLAs and project delivery. **Our customers** – Degree of essential supply of our services. – Credit risk and cash flow. – Reduction in their services. **Our supply chain** – Their capability to deliver key services and components.	A dedicated COVID-19 response team continues to assess and manage impacts of the challenges on the business. The Group will continue to monitor guidance from the Government and will communicate with staff on a regular basis as appropriate. Personnel operate on a hybrid working model and where on-site is required, appropriate measures have been put in place in line with Government guidelines. We maintain regular communication with our supply chain and customers on the measures in place to minimise disruption to normal operations arising from COVID-19.

Sustainability

Our approach to sustainability

Journeo remains committed to being a responsible member of the corporate community and, over the last two years, we have been working to formalise our approach to sustainability and environmental, social and governance (ESG) topics. In previous reports, we have shown how we identified our key topics through a materiality assessment process that involved discussions with internal and external stakeholders.

Following the materiality assessment, we prioritised the subject areas that are the most important to Journeo, defining the categories where we aim to lead within our sector and themes that we will proactively manage and monitor. There is a strong alignment between our lead material topics and our core business strategy – customer bonding, engineering excellence and technology leadership.

Through a baseline review process, we have assessed our existing systems, processes, policies and management systems relating to our material topics. In many cases, our existing ISO certifications for environmental management (ISO 14001), quality management (ISO 9001), information security (ISO 27001), and health and safety (ISO 45001) give us a solid platform from which to manage and progress our sustainability journey.

However, the baseline review also identified gaps in our approach and opportunities for further development. This included areas where we felt investing in additional expertise within the business was appropriate. To support this, we engaged in a recruitment process to build upon the knowledge already held within the Group, including that within our recently acquired businesses of Infotec and MultiQ.

Additionally, the expansion of the Group has delivered challenges that have meant that we are yet to attain the sustainability reporting position that we wish to achieve. For example, we initiated a customer satisfaction survey to gain valuable insights into how our customers value the services we provide and identify areas that we can improve. We asked customers whether they would recommend us to others which formed the basis of a Net Promoter Score. Whilst this was done and returned a positive score, it is no longer representative of the wider Group, focusing only on the customers from our Passenger Systems and Fleet Systems' businesses. Further, the creation of a Carbon Reduction plan is ongoing as we seek to collate data from the recently acquired additions to our operations.

We remain, however, committed to progressing our approach to sustainability and have made significant progress in our Lead topics. We are pleased to share with you a few recent examples of the developments being made across the business.

The topics selected to place at the forefront of our ESG strategy are:

Lead

- Innovation and product responsibility
- Energy use and carbon emissions/low carbon products
- Health, safety and wellbeing

Manage

- Customer satisfaction
- Operational data privacy and security
- Attracting and retaining talent
- Diversity, inclusion and equality
- Responsible supply chain

Monitor

- Corporate Governance
- Social impact investment
- Waste and recycling
- Economic contribution
- Ethical conduct
- Risk management

Progress in 2023

Innovation and product responsibility

Journeo is a technology group whose products and services enable our customers to efficiently and effectively run their vehicle fleets, transport networks and passenger information systems. Central UK Government investment in recent years has supported the drive to deliver improved public transport and make it a viable de facto choice for people, ahead of their personal use cars, to reduce carbon emissions and contribute to more sustainable societies. Two pillars of our core business strategy are technology leadership and engineering excellence; responsible product innovation is a key part of these. Furthermore, one of the reasons why both Infotec and MultiQ were chosen as acquisitions was their close alignment with our customer-centric approach to product and solution development.

Following the recent acquisitions, we have been creating a consolidated platform on which to operate our systems responsibly across our business, with initial efforts focusing on display signage and associated innovation. This is an ongoing process, but will deliver efficiencies throughout the business, including consolidation of our supply chains and a common operating platform across our technologies.

In parallel with this, we have also been working closely with industry bodies such as the Real Time Information Group (RTIG) to assist in the development and implementation of their new Content Management System (CMS) to Passenger Information Display (PID) open standard. Designed to open competition related to the implementation and servicing of displays, we have embraced the change in the market and are working to lead the implementation of the standard. Bench testing has proven successful and our first implementations, which are also the first of any supplier, will be deployed throughout 2024.

Cyber security also remains an important area of focus for Journeo. Geopolitical developments over the last two years have increased the risk landscape for cyber threats and require constant vigilance. As hackers and cyber criminals continue to develop and evolve their techniques Journeo ensures that it is able to respond in a rapid and agile way to keep our systems, and the data they store, secure. In addition to our secure-by-design approach, we maintain certification to ISO 27001 and regularly assess our systems for weaknesses, through a strict regimen of Penetration Testing and Vulnerability Scanning, conducted by expert third parties. Journeo is also accredited to the UK Government-backed Cyber Essentials scheme.

Energy use and carbon emissions/ low carbon products

Tackling the challenge of climate change and accelerating the shift to a net-zero economy requires technology-driven solutions alongside behavioural change. Transport and personal mobility remains a key area of focus for Journeo. It is widely acknowledged that to encourage a change in behaviour to get people out of personal cars and into public transport, requires services to run smooth and efficiently, with high levels of passenger satisfaction. Through the systems and solutions that Journeo create, we are enabling our customers to deliver better, more connected services, reliant on lower carbon infrastructure solutions.

We commit significant investment into our product innovation, including reducing the power consumption of our hardware. In last year's Annual Report, we highlighted our low-power, optically-bonded displays. We continue to deliver an ever-greater number of low power displays to our customers as we install new hardware and replace legacy systems. Further, over the course of 2023, we saw increasing demand for our ultra-low power and solar-powered solutions, resulting in a 176% increase in sales and delivery of our E-ink displays.

We are placing increased focus on the development of low-powered technology to support our customers as they seek to deliver the same high level of customer information, at a lower environmental cost and we look forward to providing further updates in future reports.

Health, safety and wellbeing

Without an understanding of how our employees feel about working for Journeo, we will not be able to improve the workplace environment we offer them. Engaged and motivated employees are the lifeblood of effective organisations, and our aim is to offer a workplace where employees are satisfied, supported and able to progress effectively.

One significant development in this last year has been the appointment of Bex Hodds in May 2023 as Human Resources Manager. Bex's core remit is to invest in and activate strategies related to employee health, safety and wellbeing; an aim not previously possible through our third-party advisers and organisational structure. We already see this appointment paying dividends for our employees as Bex is spearheading a number of significant initiatives.

For example, throughout the course of 2023, the groundwork was laid for the launch of a new employee assistance programme called 'Wisdom', which was officially launched in January 2024. Wisdom is a web-based system that provides a range of wellbeing tools and advice for employees designed to support their mental and physical wellbeing. Wisdom is available to all Journeo employees, covering our Fleet and Passenger systems businesses, Infotec, and our most recent colleagues in Denmark.

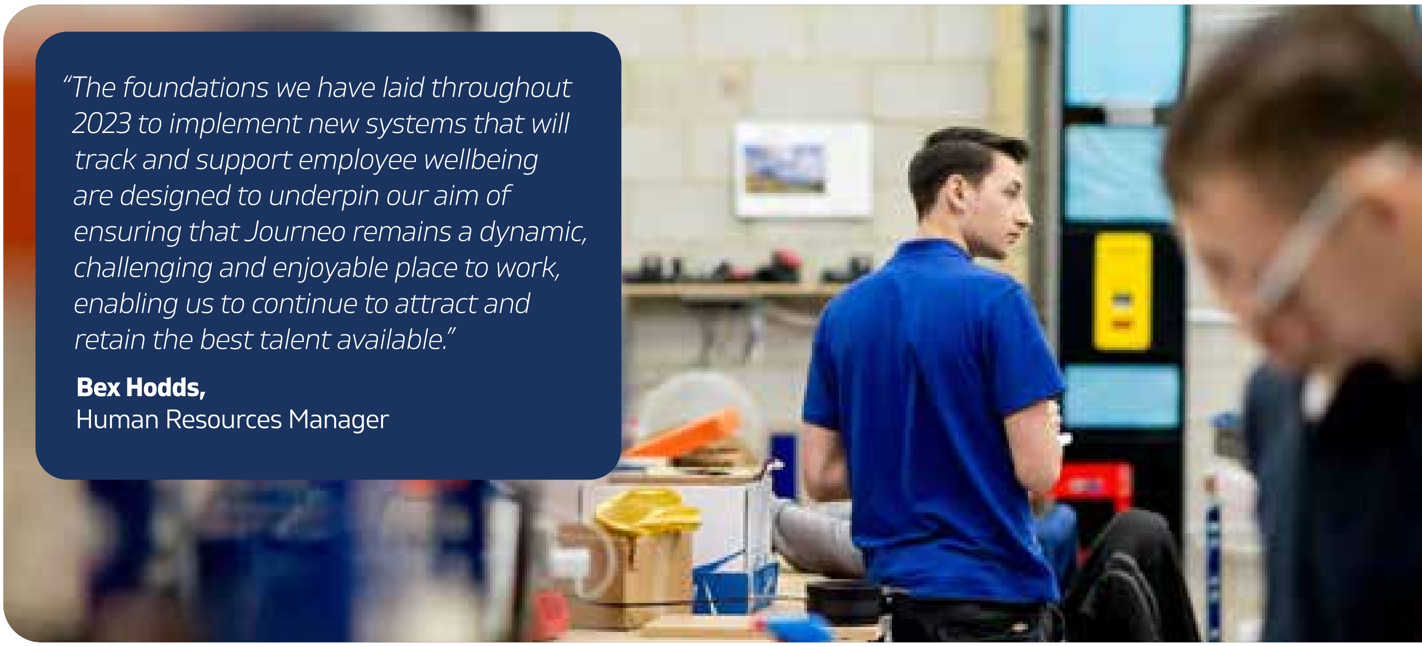
Following a successful launch, the system is being promoted by line managers within their teams across the business and through virtual 'toolbox talks', especially for employees who regularly work remotely. Wisdom not only provides a hub for information and support resources, it also allows up to eight one-to-one counselling sessions each year for employees who may be facing personal or work-related difficulties.

Early feedback suggests employees are positive about the launch of Wisdom and we expect to be able to collect anonymised usage data over the course of the year. An indirect benefit of launching the system is that conversations on wellbeing are happening at an individual level between employees, managers and the HR team, demonstrating greater evidence of our strong commitment to health, safety and wellbeing.

Throughout 2023 we also reviewed a range of centralised human resources software systems and have selected a solution that will be rolled out in 2024. The new software system will provide a single source of information on our workforce with an at-a-glance view of our employee metrics, further supporting our efforts to track and enhance employee wellbeing.

"The foundations we have laid throughout 2023 to implement new systems that will track and support employee wellbeing are designed to underpin our aim of ensuring that Journeo remains a dynamic, challenging and enjoyable place to work, enabling us to continue to attract and retain the best talent available."

Bex Hodds,
Human Resources Manager



Journeo

Governance

"Over the course of the year, the Board was strengthened with the appointment of Barnaby Kent as independent Non-Executive Director."

Mark Elliott
Non-executive Chairman

Board of Directors

Mark Elliott
Non-executive Chairman

Mark Elliott joined the Company in December 2010 as a Non-Executive Director before taking on the role of Executive Chairman in August 2013 after a period in the role of Interim Finance Director from January 2013. In August 2014 Mark was appointed Non-Executive Chairman. Mark is a Chartered Accountant who was an Equity Partner with Baker Tilly (now RSM UK) specialising in audit and corporate finance. More recently he has advised and been on the board of two companies listed on AIM. He is also Non-Executive Chairman of AIM listed Malvern International plc.

A N R

James Cumming
Non-executive Director and Senior Independent Director

James Cumming joined the Board as a Non-Executive Director in August 2013. Following a long career in corporate advisory and broking in the City, including acting as Chief Executive Officer of N+1 Brewin LLP, and latterly as a Senior Adviser to Cantor Fitzgerald, James has significant experience in working with small and mid-sized UK companies. James was previously a Non-Executive Director of CareTech Holdings PLC and chaired the Independent Committee in the group's recent £1.2bn MBO. He was an associate of Ruffena Capital and has qualified as a fellow of the Chartered Institute of Securities & Investment.

A N R

Barnaby Kent
Non-executive Director

Barnaby Kent joined Journeo as a Non-Executive Director in March 2023, bringing over 20 years' technology and M&A leadership to the organisation. He was previously CEO at Plumtree Group and was COO at LSE:AIM listed Ideagen for over a decade before a $1bn acquisition by private equity in 2022. Barnaby is currently CEO at Plumtree Consultants, a private investment fund in the UK, and a NED for Equals Trust, an education provider. He holds a BSc (Hons) from the University of Southampton, and an MBA from Edinburgh Business School.

A N R

Russ Singleton
Chief Executive Officer

Russ Singleton joined the Company in October 2013 as Chief Executive. Russ is a Chartered Engineer with a strong track record, including forming and growing electronics businesses for Synectics plc, formerly Quadnetics Group plc, where, after moving to AIM in 2002, he led the group as Chief Executive, achieving a five-fold increase in turnover and substantial profits. This growth came organically and through acquisitions. Subsequently, he formed Coretrol Limited to focus on opportunities in the security markets.

Nick Lowe
Chief Financial Officer and Company Secretary

Nick Lowe joined the Company in May 2017 as Chief Financial Officer. Nick is an FCA with experience at finance director level in growing, technology-led, SME businesses. He has strong group reporting, process and control skills developed whilst at the prestige motor dealer, Sytner Group. Nick qualified as a Chartered Accountant with Tenon in Nottingham, before joining KPMG.

Key

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee

Senior management team

Dr Andy Houghton
Chief Technical Officer

Tim Court
Managing Director – Infotec

Neil Scott
Chief Operating Officer - Infotec

Darren Maher
Group Development and Communications Director

Mark Johnson
Director of Fleet Systems

Mads Henrik Hansen
Managing Director - MultiQ

Chris Smith
Group Projects Manager

Phil Harrison
Group Financial Controller

Bex Hodds
Human Resources Manager

Steve Kesterton
Group Operations Manager

Report on corporate governance

Summary

- The Board met 12 times in 2023. All of the Directors of the Company were in attendance at the time of the meetings, with the exception of Barnaby Kent, who attended 9 out of 10 meetings since his appointment.
- The Audit Committee met with the Auditor once during the year.
- Several meetings of the Remuneration Committee were held during 2023.
- An ongoing process to identify, evaluate and manage the significant risks faced by the Group has been in place for the full year under review.

The Company has adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Board has considered how it applies each principle to the extent that the Board judges these to be appropriate in the circumstances, and provides an explanation of the approach taken in relation to each on the Company's website. The Board considers that it does not depart from any of the principles of the QCA Code.

The Company has chosen to adopt the recommendations of the QCA and will include proposals for the re-appointment of all Directors and the approval of the Director's Remuneration Report at the Annual General Meeting.

The workings of the Board and its Committees

The Board

The Board currently comprises two Non-Executive Directors, a Non-Executive Chairman and two Executive Directors and is responsible for the management of the Group. The Board meets at least ten times a year, setting and monitoring Group strategy, reviewing trading performance and formulating policy on key issues.

Day-to-day operational decisions are delegated to the senior management team. Key issues reserved for the Board include the consideration of potential acquisitions, share issues and fundraising, the setting of Group strategy, City public relations, and the review and evaluation of significant risks facing the business.

Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable Directors to obtain independent professional advice in the furtherance of their duties if necessary, at the Company's expense.

Biographies of the Directors, including details of their experience and role within the Group, are set out on page 34.

Attendance at meetings

The Board met 12 times in 2023. All of the Directors of the Company at the time of the meetings were in attendance with the exception of Barnaby Kent who attended 9 out of 10 meetings since his appointment.

The Audit Committee

The Audit Committee comprises the three Non-Executive Directors: Barnaby Kent, as Chairman, Mark Elliott and James Cumming. The Audit Committee's remit is set out in its terms of reference. The Committee assists the Board in ensuring that the Group's published financial statements give a true and fair view and, where the Auditor provides non-audit services, that its objectivity and independence is safeguarded. The Audit Committee reviews arrangements by which employees may, in confidence, raise concerns about possible inappropriateness in the financial reporting of the Company or other matters. The Audit Committee has procedures in place for the investigation and follow-up of any such matters reported to it by staff.

The Remuneration Committee

The Remuneration Committee comprises the three Non-Executive Directors: James Cumming, as Chairman, Mark Elliott and Barnaby Kent. Several meetings of the Committee were held during 2023. The Committee is responsible for making recommendations to the Board on the remuneration of senior management and all Directors.

The Nomination Committee

The Nomination Committee comprises the three Non-Executive Directors: Mark Elliott, as Chairman, James Cumming and Barnaby Kent. It meets as necessary and is responsible for making recommendations to the Board on the appointments of Executive and Non-Executive Directors. When required, it is the usual practice of the Nomination Committee to employ specialist external search and selection consultants to assist in the appointment process for new Executive and Non-Executive Directors.

Election and re-election of Directors

All Directors of the Company are subject to election by shareholders at the first AGM following their appointment by the Nomination Committee. Thereafter, each Director is subject to re-election by rotation at intervals of no more than three years.

Terms of reference

The terms of reference for the Audit, Remuneration and Nomination Committees are available on request from the Company Secretary and are available for inspection on the Company's website – journeo.com.

Internal controls

The Directors acknowledge that they are responsible for the Group's system of internal control and for reviewing its effectiveness. The internal control systems are reviewed annually by the Board. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. Internal control procedures are regularly reviewed in light of an ongoing process to identify, evaluate and manage the significant risks faced by the Group. The procedures are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The process has been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements.

The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

Management structure

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board.

Each Executive Director has been given responsibility for specific aspects of the Group's affairs. The Executive Directors, together with the senior management team, constitute the Management Committee, which meets weekly to discuss day-to-day operational matters.

Control environment

The Group's control environment is the responsibility of the Group's Directors and managers at all levels. A review of the key risks facing the business and the effectiveness of the Group's internal controls was last performed in January 2024. During the year, the Board reviewed and updated its internal control arrangements to ensure they remained appropriate.

Main control procedures

The Directors have established control procedures in response to key risks. Standardised financial control procedures operate throughout the Group to ensure the integrity of the Group's financial statements. The Board has established procedures for authorisation of capital and revenue expenditure.

Monitoring system used by the Board

The Board reviews the Group's performance against budgets on a monthly basis. The Group's cash flow is monitored monthly by the Board.

Internal audit

The Group does not have an independent internal audit function, as the Board does not consider the current scale of operations warrants such a function. However, the Board will keep this under review, with a view to creating an internal audit function when it is warranted.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £4,284k (2022: £1,158k). As at 31 December 2023 the Group had net current assets of £10,407k (2022: £1,798k) and net cash reserves of £8,116k (2022: £533k).

The Directors have prepared Group cash flow projections for the period to 30 June 2025 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Report of Directors' remuneration

As an AIM company, the Company is required to comply with AIM Rule 19 and not with Schedule 8 to the Accounting Regulations under the Companies Act 2006. Nevertheless, the Board prefers to follow best practice and has therefore prepared the following report which meets the majority of these regulations.

This Report on Directors' Remuneration sets out the Company's policy on the remuneration of Executive and Non-Executive Directors together with details of Directors' remuneration packages and service contracts.

Remuneration Committee

For the financial year ended 31 December 2023, the remuneration policy for Executive and Non-Executive Directors and the determination of individual Executive Directors' remuneration packages have been delegated to the Board's Remuneration Committee.

In setting the remuneration policy, the Remuneration Committee considers a number of factors including:

(a) the basic salaries and benefits available to Executive Directors of comparable companies;

(b) the need to attract and retain Directors of an appropriate calibre;

(c) the need to ensure Executive Directors' commitment to the continued success of the Company by means of incentive schemes; and

(d) the need for the remuneration awarded to reflect performance.

Remuneration of the Non-Executive Directors

The Non-Executive Directors receive fees for their services which are agreed by the Board following recommendation by the Chief Executive with a view to rates paid in comparable organisations and appointments.

The Non-Executive Directors did not receive any pension or other benefits from the Company, nor did they participate in any bonus or incentive schemes.

Remuneration policy for Executive Directors

The Company's remuneration policy for Executive Directors is to:

(a) have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality;

(b) link individual remuneration packages to the Group's long-term performance through the award of share options and discretionary bonus schemes; and

(c) provide employment-related benefits including life assurance, insurance relating to the Directors' duties and medical insurance.

The Remuneration Committee meets at least once a year in order to consider and set the annual salaries for Executive Directors, having regard to personal performance and information regarding the remuneration practices of companies of similar size and of industry competitors.

Directors' service contracts

Details of individual Directors' service contracts are as follows:

	Contract date	Unexpired term	Notice period
Executive			
R C Singleton	10 Oct 2013	None	Twelve months
N Lowe	15 May 2017	None	Six months

The Non-Executive Directors do not have service contracts, but their terms are set out in letters of appointment.

	Date of letter of appointment	Notice period
Non-Executive		
M W Elliott	18 August 2014	One month
J Cumming	22 August 2013	None
B Kent	21 March 2023	None

The Directors are required to retire by rotation and the appointment of new Directors has to be approved at the next AGM subsequent to their appointment by the Board. All Directors will be proposed for re-appointment at the Annual General Meeting.

Other than the notice periods afforded to some of the Directors, there are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Non-Executive directorships

With the permission of the Board, the Executive Directors may accept appointments as non-executive directors elsewhere. Any fees related to such employment may be retained by the Director concerned.

Directors' detailed emoluments and remuneration

Details of individual Directors' emoluments and remuneration for the year are as follows:

	Salary and Fees £	Bonuses £	Benefits £	Pension £	**Total 2023 £**	Total 2022 £
Executive						
R C Singleton	209,979	140,117	12,462	—	**362,558**	232,434
N Lowe	150,002	93,411	1,181	12,145	**256,739**	176,855
Non-Executive						
M W Elliott	66,775	—	—	—	**66,775**	72,100
J Cumming	36,050	—	—	—	**36,050**	36,050
B Kent	27,462	—	—	—	**27,462**	—
	490,268	233,528	13,643	12,145	**749,584**	517,439

Share options

At 31 December 2023, the Company had three employee share option schemes: the 2004 Enterprise Management Incentive (EMI) Plan, the 2014 Enterprise Management Incentive (EMI) Share Option Plan and the 2020 Enterprise Management Incentive (EMI) Plan. The 2004 EMI Plan was approved by shareholders on 18 May 2004 and expired for new options on its tenth anniversary. On 22 October 2014, the Board established the 2014 EMI Share Option Plan and on 1 April 2020, the Board established the 2020 EMI Share Option Plan, both operate in substantially the same way as the 2004 EMI Plan.

The outstanding options are detailed in note 22 to the financial statements.

Directors' interests in share options

Directors' interests in share options are disclosed in note 22 to the Group financial statements.

Directors' interests in the employee shareholder plan

On 15 February 2015, the 21st Century Technology Employee Shareholder Plan (the 'Plan') was implemented following approval at a general meeting of the Company.

Directors' interests in the Plan are disclosed in note 22 to the Group financial statements.

Directors' interests in shares

Directors' interests in the share capital of the Company are disclosed in the Directors' report.

Statutory Directors' report

The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of the Annual Report.

The Directors present their report and the Group financial statements for the year ended 31 December 2024.

Principal activities

The principal activities of the Group are set out within the Strategic Report on pages 12 to 31.

Review of business and future developments

The consolidated statement of comprehensive income for the year ended 31 December 2023 is set out on page 50.

A review of the Group's business activities and its future developments is included in the Strategic Report on pages 12 to 31 and the Chairman's statement on pages 10 to 11.

The Chairman's statement, the Report on Corporate Governance and the Report on Directors' Remuneration are incorporated into this report by reference and should be read as part of this report.

Key performance indicators

The Directors and Company management use financial key performance indicators (KPIs), as reflected in this Annual Report, to monitor progress against our objectives. The KPIs are:

- Revenue
- Gross Profit and Gross Profit %
- Administrative expenses - total and underlying
- Operating profit – total and underlying
- Net current assets
- Net cash balance and net cash flows from operating activities
- Earnings per share on a basic and diluted basis
- Profit before tax
- Order book

Principal risks and uncertainties

Details of the principal risks and uncertainties considered by the Board to affect the Group, and the related mitigation actions, are given in the Strategic Report on page 29.

Financial risk management

The Group's financial instruments include bank facilities and cash. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments, such as trade receivables and trade payables, that arise directly from its operations.

The main risks from the Group's financial instruments are credit, liquidity, interest rate and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group is exposed to credit risk primarily in respect of its trade receivables, which are stated net of provision for estimated impaired receivables. Exposure to this risk is mitigated by careful evaluation of the granting of credit and close monitoring and management of collections from trade receivables.

Liquidity and interest rate risk

The Group's policy on funding capacity is to ensure that we have sufficient long-term funding and facilities in place to meet foreseeable peak borrowing requirements. At 31 December 2023, the Group had net cash at bank of £8,116k (2022: £533k). The Group's policy is to ensure that sufficient resources are available to service all debt by monitoring prudent cash flow forecasts.

Foreign currency risk

Several components used are sourced from overseas suppliers who invoice in US Dollars, Danish Krone and Euros. In addition, our operations in Europe generate transactions denominated in Euros, Danish Krone and Swedish Krona. Consequently, the Group is exposed to fluctuations in Sterling against these foreign currencies. Where appropriate, the Group uses forward exchange contracts to hedge foreign exchange exposures arising on forecast payments in foreign currencies and our selling prices in overseas markets are linked to movements in Sterling.

Future outlook

A summary of the outlook for the Group is given within the Chairman's statement on page 11.

Going concern

The financial statements have been prepared on a going concern basis as covered in the Report on Corporate Governance on pages 32 to 47.

Results and dividend

The Group reports a profit after tax of £3.0m for the year (2022: £0.9m). At the forthcoming AGM, the Directors are not recommending the payment of a dividend (2022: £Nil).

Directors

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on page 34.

Directors' interests in shares

The Directors during the year and their interests in the share capital of the Company, other than in respect of options to acquire Ordinary Shares (which are detailed in the analysis of options included in note 22 to the financial statements) were as follows:

	Number of Ordinary 6.5p Shares in the Company	
	31 December 2023	31 December 2022
M W Elliott	**123,809**	100,000
R C Singleton	**465,385**	300,000
N Lowe	**35,000**	15,000
J Cumming	**44,047**	25,000
B Kent	**—**	—

187,750 of the share interests of Russ Singleton are held in self-invested personal pension schemes.

Apart from the interests disclosed above and in note 22, no Directors held interests at any time in the year in the share capital of the Company or other Group companies.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, and career development and promotion to disabled persons wherever appropriate.

Employee involvement

The Group's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests. The meetings seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

All employees are eligible to receive share options. Membership of the share option scheme is reviewed annually. The number of options granted varies according to seniority and performance.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's Directors.

Directors' duties

The Directors of the Company are required to act in accordance with a set of general duties. These duties are detailed in Section 172 of the UK Companies Act 2006 which is summarised as follows: "A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole".

The Directors are aware of their obligations with regards to the matters under Section 172, namely:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the Company.

The Strategic report on pages 12 to 31, the Directors' report on pages 40 to 42 and the Corporate governance statement on pages 36 and 37 set out the ways in which these duties are fulfilled.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' 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 financial statements of the Group in accordance with UK adopted international accounting standards and applicable law and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors 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.

Disclosure of information to Auditor

In the case of each person who was a Director at the time this report was approved:

(a) so far as the Director is aware there is no relevant audit information of which the Group's Auditor is unaware; and

(b) he has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Mark Elliott
Non-Executive Chairman

26 March 2024

Independent Auditor's report

to the members of Journeo plc

Opinion

We have audited the financial statements of Journeo plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 101 'Reduced Disclosure Framework' (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 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.

Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and profit before taxation and the group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Journeo plc, and all of the group's UK trading subsidiaries, providing 100% coverage of revenues and profit before tax for these components.

The operations that were subject to full-scope audit procedures made up 98% of consolidated revenues and 94% of consolidated profit after tax. The operations that were subject to limited scope audit procedures made up 2% of the consolidated revenue and 5% of consolidated profit after tax. We applied analytical procedures to the Balance Sheets and Income Statements of the entities comprising the remaining operations of the group, focusing on applicable risks identified as above, and their significance to the group's balances.

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 year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which 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.

Independent Auditor's report CONTINUED

to the members of Journeo plc

Risk Description	Our response to the risk
Revenue recognition	
As detailed in note 2 to the financial statements, Significant Accounting Policies, the Group's revenue is generated from a number of streams, as follows: • the sale of equipment; • installation of equipment; • construction contracts; and • service contracts. Given the material nature of revenue and the variety of methods it is generated through, the appropriateness of revenue recognition and management's application of the Group's revenue recognition accounting policies represents a key risk area of significant judgement in the financial statements.	We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates. We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. We tested equipment sales and installation revenue to gain assurance over the completeness, existence and accuracy of reported revenue. We tested construction contracts and ongoing service contracts to gain assurance over the completeness, existence and accuracy of reported revenue. In doing this we have held discussions with management and documented the sales process to understand the sales system and key controls within the revenue cycle and to assess revenue recognition policies used by the group. We have held meetings with project managers to understand key contracts and the basis of revenue recognition. We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct year. Our procedures did not identify any material misstatements in the revenue recognised during the year.
Carrying value and impairment of goodwill	
The Group has a significant goodwill balance in relation to Passenger Systems, Infotec and MultiQ Denmark A/S. Group's assessment of carrying value requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.	We challenged the assumptions used in the impairment model for goodwill, which is described in note 10 to the financial statements. We considered historical trading performance by comparing recent growth rates of both revenue and operating profit. We assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations. We performed sensitivity analysis to determine whether an impairment would be required if costs increase at a higher than forecast rate.
Provision for warranty costs:	
The Group provides warranties on some of the equipment sold and therefore makes provision for future costs in relation to these warranties. The amount provided is a management estimate based on past experience and management assessment and requires significant judgement.	We reviewed the calculation method and agreed a sample of data used in the calculation back to source records. We tested warranty claims in the year to gain assurance over the existence of costs. We agreed warranty terms back to contracts for a sample of those provided.
Acquisition accounting	
On 18 January 2023 Journeo plc purchased the share capital of IGL Limited, which comprised cash consideration, contingent consideration and consideration shares. On 19 September 2023, Journeo Fleet Systems Limited (a subsidiary of Journeo plc) acquired the share capital of MultiQ Denmark A/s, which comprised cash consideration and deferred consideration. Judgement is applied by management in assessing the fair value of the assets and liabilities acquired in the business combination, including any intangibles in accordance with IFRS 13 Fair Value Measurement. Management have applied a number of key judgements and estimates in order to account for this acquisition in accordance with IFRS 3 Business Combinations.	We have obtained and reviewed management's acquisition accounting working papers to verify the treatment of the acquisition in accordance with IFRS 3 Business Combinations. We verified all accounting entries to purchase and other agreements and bank statements. We challenged management's judgements in relation to fair value adjustments and recognition of intangible assets. We reviewed the financial statements disclosures in relation to the acquisition. We found the approach to accounting for the acquisition, including judgements made around the recognition and valuation of acquired assets and liabilities, to be appropriate.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £461,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1% of group revenue. Performance materiality has been set at 80% of group materiality.

The materiality for the parent company financial statements as a whole was set at £244,000 and performance materiality represents 80% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries.

Conclusions relating to going concern

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.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- Reviewing management's disclosures in the financial statements.

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 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.

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 included in 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specially in relation to the carrying value of goodwill and intangibles; and
- reviewing a sample of the largest construction contracts, understanding the rationale for the stage of completion and assessing the profit take on them.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Melanie Hopwell
(Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

26 March 2024

Governance

Journeo

Financial Statements

"Strong organic growth, supplemented by impressive revenues from our acquired businesses is delivering increased value for our shareholders. We are well positioned to deliver improved margins across 2024, further increasing EPS."

Nick Lowe
Chief Financial Officer

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	3, 4	**46,092**	21,123
Cost of sales		**(31,782)**	(13,354)
Gross profit	4	**14,310**	7,769
Underlying administrative expenses		**(10,075)**	(6,730)
Other income		**49**	119
Underlying profit		**4,284**	1,158
Acquisition costs		**(289)**	—
Share-based payments		**(22)**	(45)
Total administrative expenses and other income		**(10,337)**	(6,656)
Operating profit		**3,973**	1,113
Net finance expense		**(240)**	(207)
Profit before taxation	7	**3,733**	906
Taxation charge	8	**(760)**	(3)
Profit for the year being total comprehensive income attributable to owners of the parent		**2,973**	903
Profit per share	9		
Basic		**18.64p**	10.33p
Diluted		**17.96p**	9.80p

The notes on pages 54 to 79 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2022	6,250	1,174	(6,224)	1,200
Profit and total comprehensive income for the year	—	—	903	903
Share-based payments	—	—	45	45
Balance at 31 December 2022	6,250	1,174	(5,276)	2,148
Profit and total comprehensive income for the year	—	—	2,973	2,973
Proceeds from issue of new shares	503	7,092	—	7,595
Share-based payments	—	—	22	22
Balance at 31 December 2023	**6,753**	**8,266**	**(2,281)**	**12,738**

The notes on pages 54 to 79 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Goodwill	10	**4,058**	1,345
Other intangible assets	11	**2,685**	1,300
Property, plant and equipment	12	**1,585**	504
Deferred tax asset	8	**189**	—
Trade and other receivables	15	**40**	41
		8,557	3,190
Current assets			
Inventories	14	**6,868**	3,455
Trade and other receivables	15	**12,212**	8,130
Cash and cash equivalents	16	**8,116**	533
		27,196	12,118
Total assets		**35,753**	15,308
Equity and liabilities			
Shareholders' equity			
Share capital	22	**6,753**	6,250
Share premium account		**8,266**	1,174
Retained earnings		**(2,281)**	(5,276)
Total equity		**12,738**	2,148
Non-current liabilities			
Deferred revenue	17	**2,841**	2,304
Other payables	17	**207**	—
Loans and borrowings	19	**163**	40
Deferred tax liability	8	**25**	—
Lease liabilities	19	**756**	225
Provisions	20	**2,234**	271
		6,226	2,840
Current liabilities			
Trade and other payables	17	**9,921**	5,796
Deferred revenue	17	**5,831**	1,552
Loans and borrowings	19	**64**	2,616
Lease liabilities	19	**195**	121
Provisions	20	**778**	235
		16,789	10,320
Total equity and liabilities		**35,753**	15,308

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2024 and were signed on its behalf by:

M W Elliott
Non-Executive Chairman

R C Singleton
Chief Executive

Registered number: 02974642

The notes on pages 54 to 79 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Net cash flows from operating activities	13	**1,664**	(587)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(434)**	(58)
Purchases / generation of intangible assets		**(789)**	(628)
Acquisition costs		**(289)**	—
Net cash inflow on acquisitions		**3,030**	—
Net cash flows from investing activities		**1,518**	(686)
Cash flows from financing activities			
Cash flows from issue of new loans		**215**	891
Principal element of lease repayments		**(266)**	(170)
Repayment of loans		**(2,643)**	(15)
Issue of shares		**7,095**	—
Net cash flows from financing activities		**4,401**	706
Net increase / (decrease) in cash and cash equivalents		**7,583**	(567)
Cash and cash equivalents at beginning of year		**533**	1,096
Effect of foreign exchange rate changes		**—**	4
Cash and cash equivalents at end of year		**8,116**	533

The notes on pages 54 to 79 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2023

1. General information

Journeo plc is a public limited company incorporated in England and listed on AIM. Its registered and head office address is 12 Charter Point Way, Ashby-de-la-Zouch, LE65 1NF. Its principal place of business is in the UK and mainland Europe and its principal activities are described in the Strategic Report on pages 12 to 31.

2. Significant accounting policies applied to the consolidated financial statements of the Group

Basis of preparation

These financial statements are the consolidated financial statements of Journeo plc and its subsidiaries (the 'Group'). Separate financial statements for the parent company as an individual entity are included on pages 80 to 88.

The Group financial statements are prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued and effective (or adopted early) and endorsed by the United Kingdom at the time of preparing these financial statements and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except financial instruments and share-based payments, which are prepared in accordance with IFRS 9 and IFRS 2 respectively. A summary of the more important Group accounting policies is set out below.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Sterling (£), which is the presentation currency for the consolidated financial statements. The numbers in the financial statements are rounded in £'000 for presentation purposes for year ended 31 December 2023 with prior year comparatives being for the year ended 31 December 2022.

Standards and interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Amendments to IAS 1 and IAS 8: definition of material and accounting estimate – effective for periods beginning on or after 1 January 2023.
- Amendments to IFRS 16 - effective for periods beginning on or after 1 January 2023.
- Amendments to IAS 12 - effective for periods beginning on or after 1 January 2023.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Significant accounting policies applied to the consolidated financial statements of the Group CONTINUED

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The purchase of subsidiaries is accounted for using the acquisition method. The results of subsidiaries sold or acquired are included in the consolidated statement of comprehensive income up to, or from, the date control passes. Intragroup sales and profits are eliminated fully on consolidation.

Goodwill

Goodwill is recognised as an intangible asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated statement of comprehensive income and may not be subsequently reversed. Goodwill previously eliminated has not been reinstated on implementation of IAS 38 as permitted by IFRS 1.

On disposal of a subsidiary or business, the attributable goodwill is included in the determination of profit or loss on disposal.

Plant and equipment

The cost of plant and equipment is the purchase price plus any costs directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis to their estimated residual values over the expected useful economic lives of the assets concerned. Periodic reviews are made of estimated remaining useful lives and residual values and the depreciation rates applied are:

Leasehold improvements	20%
Right of Use asset: property	Variable
Plant and equipment	20–33%
Right of Use asset: vehicles	Up to 60 months

Business combinations

On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the Group to change, which would have a significant impact on the results and net position of the Group.

Revenue

Revenue represents amounts invoiced to customers, net of value added tax and trade discounts. The sale of equipment includes installation of on-vehicle equipment, with the turnover being recognised once the installation has been completed or when the goods are despatched. There is also revenue from longer-term and construction contracts which is recognised as contract work in progress in accordance with the Group's contract accounting policy as detailed below. For most sales, the enforceable contract is each purchase order, which is an individual, short-term contract. As the enforceable contract for most arrangements is the purchase order, the transaction price is determined at the date of each sale and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

When the Group sells multiple goods and/or services as a package, the components are separated and accounted for separately.

Revenue received before goods and services are delivered is recognised as deferred income and transferred to the consolidated statement of comprehensive income once the goods are delivered and when the services have been performed.

Ongoing revenue from service contracts is recognised on a straight-line basis over the term of the contract.

The Group does provide a warranty period of up to five years which is considered to be an assurance-type warranty and therefore no separate performance obligation has been identified.

Contract accounting

The Group recognises revenue and costs on its customer contracts under the percentage of completion method.

In determining costs incurred up to the year end, any costs relating to future activity on a contract are excluded and are shown as contract work in progress. The aggregate of the cost incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, under receivables and prepayments. Where the progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade and other payables.

2. Significant accounting policies applied to the consolidated financial statements of the Group CONTINUED

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial Information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year-end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the year-end liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

Earnings per Ordinary Share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares in issue during the year. For diluted earnings, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit and by comparing the internal rate of return generated by the cash flows to target return rates established by management. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the consolidated statement of comprehensive income.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if that impairment loss had not been recognised. Impairment losses in respect of goodwill are not reversed.

Intangible assets software

Software which can be separately identified is capitalised to intangible assets at cost of acquisition and amortised over the estimated useful economic lives of between three and five years on a straight-line basis into administrative expenses. All software will be fully amortised by 31 December 2028.

2. Significant accounting policies applied to the consolidated financial statements of the Group CONTINUED

Research and Development

Expenditure on research is written off in the period in which it is incurred.

Development expenditure is capitalised where it relates to a specific project where technical feasibility has been established, adequate technical, financial and other resources exist to complete the project, the expenditure attributable to the project can be measured reliably and overall project profitability is reasonably certain. In this case, it is recognised as an intangible asset and amortised over its useful economic life when the asset is made available for use. All other development expenditure is recognised as an expense in the period in which it is incurred. All capitalised development expenditure will be fully amortised by 31 December 2028.

Customer lists

The fair value of customer lists acquired in a business combination is estimated using discounted incremental cash flow and amortised over a five-year estimated useful economic life. Amortisation is included in the consolidated statement of comprehensive income as a part of administrative expenses.

Inventories

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, on a moving average basis. The cost is based on the average weighting method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to three months and are measured on initial recognition at their fair value and subsequently at amortised cost.

Loans and receivables and other financial liabilities

Trade receivables and trade payables are measured on initial recognition which is the trade date, at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable trade receivables are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

Loans are initially recognised at the fair value of the proceeds and are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least one year after the balance sheet date.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the consolidated statement of comprehensive income.

Leasing

Under IFRS 16, which the Group has adopted effective for the period starting 1 January 2019, leases are recognised as a Right of Use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Right of Use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In adopting this approach, the Group has applied the expedient to expense long-term leases with a remaining lease term of 12 months or less or short-term leases (less than 12 months). These leases are disclosed as operating leases. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the lease term.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expensed to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies applied to the consolidated financial statements of the Group CONTINUED

Pensions
The Group operates a defined contribution scheme. The pension cost charge to the consolidated statement of comprehensive income is the contributions payable to the pension scheme for the period.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the net expenditure required to settle the obligation at the year-end date and are discounted to present value where the effect is material.

Foreign currencies
Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the year-end date. All differences are taken to the statement of comprehensive income.

The assets and liabilities of foreign operations are translated to Sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sterling at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the consolidated statement of comprehensive income.

Share capital and share premium
Ordinary Shares are classified as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share-based payments
The Group issues equity-settled share-based payments to certain Directors and employees. Share-based payments are measured at their fair value at the date of grant using a Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based upon the Group's estimate of participants eligible to receive shares at the point of vesting.

Going concern
The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £4,284k (2022: £1,158k). As at 31 December 2023, the Group had net current assets of £10,407k (2022: £1,798k) and net cash reserves of £8,116k (2022: £533k).

The Directors have prepared Group cash flow projections for the period to 30 June 2025 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were:

(i) Note 3 – Revenue recognition
Where products and maintenance are bundled in a contract some judgement may be required to identify the separate components which are recognised in accordance with general revenue recognition criteria.

2. Significant accounting policies applied to the consolidated financial statements of the Group CONTINUED

(ii) Note 8 – Deferred tax

Determining the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

(iii) Note 10 – Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate future cash flows expected to arise from the cash generating unit at a suitable discount rate in order to calculate the present value. A discount rate of 13% is applied to the cash flow forecasts from the most recent financial budgets and long-term plans which are extrapolated in perpetuity assuming no growth beyond five years. The key assumptions made in relation to the impairment review of goodwill are set out in note 10.

(iv) Note 11 – Capitalisation of development, amortisation and impairment of intangibles

It is Group policy to capitalise and amortise development expenditure for the production of new or substantially improved products and processes if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Such expenditure is amortised over the period which the Directors expect to obtain economic benefits. This policy includes judgements regarding the initial recognition of the asset based upon market research and expected future net revenues. It also includes estimations regarding the period of amortisation.

Determining whether intangibles are impaired requires an estimation of the recoverable value of the individual asset. Where assets generate cash flows that are independent of other assets then the value-in-use calculation requires the Group to estimate future cash flows expected to arise from the asset at a suitable discount rate in order to calculate the present value.

(v) Note 14 – Provision for obsolete and slow-moving inventory

Determining the level of provision necessary for obsolete and slow-moving inventory requires management to make judgements in estimating the net realisable value of the Group's inventory based upon stock turnover statistics and management's knowledge of market changes. Provisions are made on an item-by-item basis.

(vi) Note 18 – Contract accounting

Determining the outcome of a contract requires management to make judgements on whether the outcome can be estimated reliably and this includes estimates of future costs. The percentage completion of a contract also requires management to make judgements and estimates which are based on costs incurred and project progress.

When the outcome of a contract cannot be estimated reliably contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised when incurred.

When the outcome of a contract can be estimated reliably contract revenue and contract costs are recognised over the period of the contract as revenue and expenses, respectively. This is normally measured either by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work are included to the extent that they have been agreed with the customer. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the consolidated statement of comprehensive income.

(vii) Note 20 – Warranty provision

Determining the level of provision necessary for product warranties requires management to make judgements in estimating the likely future costs based upon historical cost experience, expected future trends and management's experience. The warranty provision is estimated on a per asset or per contract basis.

(viii) Note 22 – Share-based payments

In determining the fair value of equity-settled share-based payments and the related charge to the consolidated statement of comprehensive income, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The share options have a life of ten years and the exercise period is determined to be five years. The fair value is determined using the Black Scholes valuation model. At each year end the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

3. Revenue and other income

The revenue split between goods and services is:

	2023 £'000	2022 £'000
Goods	**38,402**	15,621
Services	**7,690**	5,502
	46,092	21,123
Contract works included in goods	**6,994**	7,599

4. Segmental reporting

IFRS 8 requires operating segments to be determined on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to make strategic decisions.

As the Board of Directors reviews revenue, gross profit and operating loss on the same basis as set out in the consolidated statement of comprehensive income, no further reconciliation is considered to be necessary.

Revenue and gross profit

	Revenue 2023 £'000	Gross profit 2023 £'000	Revenue 2022 £'000	Gross profit 2022 £'000
Fleet Systems	**16,332**	**3,949**	12,494	3,711
Infotec	**19,669**	**5,862**	—	—
MultiQ	**1,139**	**542**	—	—
Passenger Systems	**9,045**	**3,957**	8,629	4,058
Intersegment Sales	**(93)**	**—**	—	—
Total	**46,092**	**14,310**	21,123	7,769

Major customers

In the year, one customer within each of the Fleet Systems and Infotec segments accounted for over 10% of Group revenue at 11% and 17% respectively. In the prior year, there was one Fleet Systems customer that accounted for over 10% of revenue at 16%.

Underlying profit

	2023 £'000	2022 £'000
Fleet Systems	**583**	690
Infotec	**3,697**	—
MultiQ	**153**	—
Passenger Systems	**115**	740
	4,548	1,430
Central	**(264)**	(272)
Underlying profit	**4,284**	1,158

4. Segmental reporting CONTINUED

Reconciling to profit/(loss) before interest and tax

2023	Underlying operating profit/(loss) £'000	Acquisition costs £'000	Share-based payments £'000	Operating profit/(loss) £'000	Profit/(loss) before interest and tax £'000
Fleet Systems	**583**	**—**	**(11)**	**572**	**572**
Infotec	**3,697**	**—**	**—**	**3,697**	**3,697**
MultiQ	**153**	**—**	**—**	**153**	**153**
Passenger Systems	**115**	**—**	**(11)**	**104**	**104**
	4,548	**—**	**(22)**	**4,526**	**4,526**
Central	**(264)**	**(289)**	**—**	**(553)**	**(553)**
	4,284	**(289)**	**(22)**	**3,973**	**3,973**

2022	Underlying operating profit/(loss) £'000	Share-based payments £'000	Operating profit/(loss) £'000	Profit/(loss) before interest and tax £'000
Fleet Systems	690	(23)	667	667
Passenger Systems	740	(22)	718	718
	1,430	(45)	1,385	1,385
Central	(272)	—	(272)	(272)
	1,158	(45)	1,113	1,113

Net assets attributed to each business segment represent the net external operating assets of that segment, excluding goodwill, bank balances and borrowings, which are shown as unallocated amounts, together with central assets and liabilities.

Net assets

	Assets 2023 £'000	Liabilities 2023 £'000	Net assets 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000	Net assets 2022 £'000
Fleet Systems	**8,754**	**(3,736)**	**5,018**	8,134	(3,627)	4,507
Infotec	**6,477**	**(8,999)**	**(2,522)**	—	—	—
MultiQ	**2,645**	**(534)**	**2,111**	—	—	—
Passenger Systems	**5,679**	**(7,774)**	**(2,095)**	5,156	(6,744)	(1,588)
	23,555	**(21,043)**	**2,512**	13,290	(10,371)	2,919
Goodwill	**4,058**	**—**	**4,058**	1,345	—	1,345
Cash and borrowings	**8,116**	**(641)**	**7,475**	533	(2,656)	(2,123)
Unallocated	**24**	**(1,331)**	**(1,307)**	140	(133)	7
Total	**35,753**	**(23,015)**	**12,738**	15,308	(13,160)	2,148

Geographical segments

	Revenue 2023 £'000	Gross profit 2023 £'000	Revenue 2022 £'000	Gross profit 2022 £'000
UK	**36,739**	**9,840**	20,538	7,316
International				
– Scandinavia	**1,507**		458	
– Other EU	**8**		38	
– Non-EU	**7,838**		89	
Total international	**9,353**	**4,470**	585	453
Total	**46,092**	**14,310**	21,123	7,769

4. Segmental reporting CONTINUED

Assets and liabilities by location

	2023 £'000	2022 £'000
Assets		
UK	**32,948**	14,662
International	**2,805**	12
Total assets	**35,753**	14,674
Liabilities		
UK	**(22,467)**	(12,508)
International	**(548)**	(19)
Total liabilities	**(23,015)**	(12,527)

5. Employee information

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2023 Number	2022 Number
By activity:		
Administration	**45**	27
Technical	**31**	17
Operations	**109**	62
	185	106

Staff costs (for the above persons)

	2023 £'000	2022 £'000
Wages and salaries	**8,182**	4,810
Social security costs	**906**	583
Pension costs	**297**	119
Share-based payments	**22**	45
	9,407	5,557

Key management compensation (included above)

	2023 £'000	2022 £'000
Wages and salaries	**1,460**	917
Social security costs	**195**	111
Pension costs	**28**	31
Share-based payments	**22**	45
	1,705	1,104

The key management personnel are the Board of Directors, the Directors of each of the Group's business segments and the senior management team responsible for the call centre, finance, business development and IT.

5. Employee information CONTINUED

Directors' emoluments and pensions included on page 39 are:

	Emoluments		Pension contributions	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Total Directors	**738**	517	**12**	12
Highest paid Director	**363**	232	**—**	—

There is one (2022: one) Director receiving payments into pension schemes. Directors' detailed emoluments are disclosed in the Report on Directors' Remuneration.

6. Net finance expense

	2023 £'000	2022 £'000
Interest receivable on bank balances	**66**	—
Interest payable on loans	**(230)**	(179)
IFRS 16 interest	**(76)**	(28)
	(240)	(207)

7. Profit before taxation

This is stated after charging/(crediting):

	2023 £'000	2022 £'000
Operating lease rentals:		
– Rent of land and buildings	**82**	67
– Hire of plant and equipment	**259**	177
Depreciation:		
– Property, plant and equipment owned	**186**	75
– Right of Use assets	**192**	148
Amortisation of intangible fixed assets (included within administrative expenses)	**753**	494
Research and Development expenditure	**630**	320
Inventories – consumed and recognised as an expense in cost of sales	**24,272**	8,281
Trade receivables impairment	**70**	3
Write down of inventories	**204**	139
Exchange differences	**65**	69
Share-based payments charge	**22**	45

Profit before taxation is also stated after charging:

	2023 £'000	2022 £'000
Auditor's remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	**4**	3
Fees payable to the Company's Auditor for the audit of the Company's subsidiaries pursuant to legislation	**91**	57
Additional fees payable to the Company's Auditor for non-audit related services	**35**	25
Total audit fees	**130**	85

8. Taxation

(a) Analysis of charge in year

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on the profit for the year (19% and 25%)	**704**	—
Swedish corporation tax on the profit for the year (22%)	**7**	3
Danish corporation tax on the profit for the year (22%)	**49**	—
Total tax charge for the year	**760**	3

(b) Factors affecting the total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 23% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before tax	**3,733**	905
Profit multiplied by standard rate of corporation tax in the UK of 23% (2022: 19%)	**859**	172
Effects of:		
Expenses not deductible for tax purposes	**(305)**	(150)
Change in unrecognised deferred tax assets	**217**	4
Income not taxable	**(11)**	(23)
Total tax charge for the year	**760**	3

(c) Deferred tax asset / (liability)

The unrecognised and recognised deferred tax assets / (liability) comprise the following:

	Unrecognised		Recognised	
Group	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Tax losses	**1,138**	724	**189**	—
Accelerated capital allowances	**(350)**	(94)	**(25)**	—
	788	630	**164**	—

The Group has £4,552,000 of unutilised tax losses (2022: £3,813,000) which may be carried forward indefinitely.

9. Profit per Ordinary Share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares in issue during the year.

For diluted earnings, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares.

	2023		2022	
Group	**Profit £'000**	**Per share amount Pence**	Profit £'000	Per share amount Pence
Basic EPS				
Profit attributable to Ordinary Shareholders	**2,973**	**18.64p**	903	10.33p
Diluted EPS				
Profit attributable to Ordinary Shareholders	**2,973**	**17.96p**	903	9.80p

Details of the weighted average number of Ordinary Shares used as the denominator in calculating the earnings per Ordinary Share are given below:

	2023 '000	2022 '000
Basic weighted average number of shares	**15,945**	8,741
Dilutive potential Ordinary Shares	**605**	470
Diluted weighted average number of shares	**16,550**	9,211

10. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating unit (CGU) that is expected to benefit from that business combination. The Group has four CGUs which are its four operating segments, Infotec, Fleet Systems, MultiQ and Passenger Systems. The carrying amount of goodwill has been allocated to the CGUs as follows:

	Infotec £'000	MultiQ £'000	Passenger Systems £'000	Total £'000
At 31 December 2021	—	—	1,345	1,345
At 31 December 2022	—	—	1,345	1,345
Additions	2,236	477	0	2,713
At 31 December 2023	**2,236**	**477**	**1,345**	**4,058**

The Fleet Systems CGU has no goodwill allocated.

The Group tests goodwill annually for impairment as at 31 December, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and business plans approved by the Directors covering a five-year period. Cash flows beyond that period have been extrapolated in perpetuity assuming no growth, which the Directors consider to be a conservative approach.

The key assumptions for the value-in-use calculations are those regarding discount rates and sales forecasts.

The discount rates needed to equate the net present value from these cash flows to the carrying value of goodwill are compared to the required rate of return from the CGU based upon an assessment of the time value of money, prevailing interest rates and the risks specific to the CGU. If this discount rate is in excess of the required rate of return then it is assumed that no impairment has occurred to the carrying value of goodwill.

10. Goodwill CONTINUED

The discount rates are as follows:

	2023 %	2022 %
Infotec	**13**	—
MultiQ	**13**	—
Passenger Systems	**13**	13

The discount rates used are based on the Board's judgement considering macroeconomic factors and reflecting specific risks in each segment such as the nature of the market served, the concentration of customers, cost profiles and barriers to entry.

Passenger Systems, Infotec and MultiQ also have intangible assets, see note 11, which are considered in the same value-in-use calculations as goodwill.

The Passenger Systems, Infotec and MultiQ cash flow projections used to determine value-in-use are based upon assumptions of sales, margins and cost bases. Of these assumptions the value-in-use is most sensitive to the level of sales. Margins are fixed in the forecast based upon past experience; the cost base is similarly based upon past experience and will vary depending upon the level of sales. In accordance with the requirements of IAS 36, our value-in-use calculations do not include cash flows from restructurings to which the Group is not yet committed.

The level of sales is the key assumption used in the cash flow forecast. Sales have been determined by management using estimates based upon past experience and future performance with reference to market position and the sales pipeline. The macroeconomic environment has improved and there continues to be an increase in the number and size of contracts available.

Sensitivity analysis has been performed on the pre-tax discount rates, which shows that a pre-tax discount rate of 48.2% (Passenger Systems), 38.2% (Infotec) or 67.6% (MultiQ) would be required in order to eliminate the headroom which exists in these CGUs. The Directors consider that the discount rates used, which are already risk adjusted to capture the Directors' view of the extent to which each CGU is exposed to macroeconomic factors, represent a balanced view.

A sensitivity analysis has been performed on the impairment test. The Directors consider that an absolute change in the key sales assumption is possible and a reduction in the sales forecast in 2024 of 5% would result in headroom remaining in the current carrying value of goodwill. If sales forecasts were down 10% across the whole period and overheads remained unchanged then headroom would still remain.

The Directors believe that, based on the sensitivity analysis and stress testing performed, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts to exceed the recoverable amounts.

The value in use for the Group exceeds the carrying value of the assets by £17,267k (2022: £7,301k).

There is no impairment to goodwill in the period (2022: no impairment).

11. Other intangible assets

2023 movements	Customer list £'000	Development costs £'000	Software £'000	Total £'000
Cost				
At 1 January 2023	—	3,051	304	3,355
Acquired on acquisition	752	3,216	48	4,016
Additions	—	684	105	789
Disposals	—	(914)	—	(914)
At 31 December 2023	**752**	**6,037**	**457**	**7,246**
Amortisation				
At 1 January 2023	—	1,841	214	2,055
Acquired on acquisition	—	2,666	—	2,666
Charge for the year	142	591	20	753
Disposals	—	(913)	—	(913)
At 31 December 2023	**142**	**4,185**	**234**	**4,561**
Net book value				
At 31 December 2023	**610**	**1,852**	**223**	**2,685**

11. Other intangible assets CONTINUED

2022 movements	Customer list £'000	Development costs £'000	Software £'000	Total £'000
Cost				
At 1 January 2022	—	2,436	291	2,727
Additions	—	615	13	628
At 31 December 2022	—	3,051	304	3,355
Amortisation				
At 1 January 2022	—	1,363	198	1,561
Charge for the year	—	478	16	494
At 31 December 2022	—	1,841	214	2,055
Net book value				
At 31 December 2022	—	1,210	90	1,300

The Group tests intangible assets when there is indication of impairment. The recoverable amounts are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding cash flow forecasts, growth rates and discount rates. The cash flow forecasts are derived from the most recent financial budgets for the next five years approved by management, extrapolated in perpetuity assuming no growth. The impairment test is covered in the Goodwill note 10.

12. Property, plant and equipment

2023 movements	**Leasehold improvements £'000**	**Right of Use asset lease £'000**	**Plant and equipment £'000**	**Total £'000**
Cost				
At 1 January 2023	16	843	456	1,315
Acquired on acquisition	19	541	2,196	2,756
Additions	8	260	426	694
Disposals	—	—	(157)	(157)
At 31 December 2023	**43**	**1,644**	**2,921**	**4,608**
Depreciation				
At 1 January 2023	13	497	301	811
Acquired on acquisition	—	—	1,992	1,992
Charge for the year	1	192	185	378
Disposals	—	—	(158)	(158)
At 31 December 2023	**14**	**689**	**2,320**	**3,023**
Net book amounts				
At 31 December 2023	**29**	**955**	**601**	**1,585**

12. Property, plant and equipment CONTINUED

2022 movements	Leasehold improvements £'000	Right of Use asset lease £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2022	12	754	414	1,180
Additions	4	105	53	162
Disposals	—	(16)	(11)	(27)
At 31 December 2022	16	843	456	1,315
Depreciation				
At 1 January 2022	12	365	238	615
Charge for the year	1	148	74	223
Disposals	—	(16)	(11)	(27)
At 31 December 2022	13	497	301	811
Net book amounts				
At 31 December 2022	3	346	155	504

At 31 December 2023, the plant and equipment includes items with a carrying value of £288k pledged as security for loans included in note 19.

13. Reconciliation of operating profit to net cash inflow from operating activities

	2023 £'000	2022 £'000
Profit for the year	**2,973**	903
Adjustments for:		
– Finance expense	**240**	207
– Depreciation of property, plant and equipment	**378**	224
– Amortisation of intangible fixed assets	**753**	494
– Share-based payment expense	**22**	45
– Foreign exchange rate	**(13)**	—
– Acquisition costs	**289**	—
– Increase / (decrease) in provisions	**2,506**	(34)
Operating cash flows before movement in working capital	**7,148**	1,839
Decrease / (increase) in inventories	**295**	(1,846)
Decrease / (increase) in receivables	**1,609**	(1,564)
Increase / (decrease) in payables	**(6,560)**	1,166
Cash inflow / (outflow) from operations	**2,492**	(405)
Income taxes paid	**(658)**	(3)
Interest paid	**(170)**	(179)
Net cash inflow / (outflow) from operating activities	**1,664**	(587)

14. Inventories

	2023 £'000	2022 £'000
Raw materials	**3,481**	731
Work in progress	**506**	258
Finished goods and goods for resale	**2,881**	2,466
	6,868	3,455

15. Trade and other receivables

	2023 £'000	2022 £'000
Current		
Trade receivables	**8,976**	4,677
Less: provision for impairment of receivables	**(80)**	(12)
Trade receivables – net	**8,896**	4,665
Amounts due from contract customers	**2,171**	2,739
Other receivables and prepayments	**1,145**	726
	12,212	8,130
Non-current		
Other receivables and prepayments	**40**	41

The average credit period taken on sales of goods is 33 days (2022: 48 days). Trade receivables are provided for to the extent that management has reason to believe that the recoverability of the debt is questionable. Before granting credit terms to any new customer, the Group uses an external credit checking company to assess the customer's credit quality and to assist in the definition of credit limits for that customer. In addition, the Group uses credit protection facilities to protect certain key customer receivables.

The following customers represented more than 5% of the total balance of net trade receivables at the year end:

	Amount receivable	
	2023 £'000	2022 £'000
Customer 1	**965**	—
Customer 2	**801**	1,467
Customer 3	**533**	—
Customer 4	**498**	—
Customer 5	**483**	—
Customer 6	**474**	—
Customer 7	**462**	—

Included in the Group's trade receivable balance are debtors with a carrying amount of £1,818,000 (2022: £559,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 71 days (2022: 93 days).

Ageing of past due but not impaired trade receivables:

	2023 £'000	2022 £'000
Up to three months past due	**1,579**	455
Three to six months past due	**32**	59
Over six months past due	**207**	45
	1,818	559

Movement in the provision for impairment of trade receivables:

	2023 £'000	2022 £'000
Balance at 1 January	**12**	12
Provision made	**68**	—
Balance at 31 December	**80**	12

Ageing of impaired trade receivables:

	2023 £'000	2022 £'000
Over 90 days	**80**	12
	80	12

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16. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents	**8,116**	533

Cash and cash equivalents comprise cash, including bank deposits held by the Group.

17. Trade and other payables

	2023 £'000	2022 £'000
Current		
Trade payables	**4,368**	2,359
Other taxation and social security	**1,922**	618
Other payables	**1,984**	7
Accruals	**1,647**	2,181
Deferred income relating to contracts	**2,037**	1,096
Deferred income	**3,794**	1,087
	15,752	7,348
Non-current		
Deferred income	**2,841**	2,304
Other payables	**207**	—
	3,048	2,304

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 33 days (2022: 39 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. Contract accounting

	2023 £'000	2022 £'000
Contracts in progress at dates of statement of financial position:		
Amounts due from contract customers included in trade and other receivables	**2,171**	2,739
Amounts due to contract customers included in trade and other payables	**(2,037)**	(1,096)
	134	1,643
Contract costs incurred plus recognised profit less recognised losses to date	**14,990**	8,619
Less: progress billings	**(14,856)**	(6,976)
	134	1,643

At 31 December 2023, retentions held by customers for contract work amounted to £1,000 (2022: £1,000). Advances received from customers for contract work amounted to £2,037,000 (2022: £1,096,000).

At 31 December 2023, amounts of £nil (2022: £nil) included in trade and other receivables and arising from contracts are due for settlement after more than 12 months.

19. Loans and borrowings

	2023			2022		
	Current £'000	**Non-current £'000**	**Total £'000**	Current £'000	Non-current £'000	Total £'000
Bank loans	**64**	**163**	**227**	2,066	40	2,106
2016 Loan Notes	**—**	**—**	**—**	300	—	300
2018 Loan Notes	**—**	**—**	**—**	250	—	250
	64	**163**	**227**	2,616	40	2,656

The fair value of the loans and borrowings is not substantially different from the carrying value.

During the year £2,643k (2022: £15k) of loans and borrowings were repaid.

The main terms of the loans are:

	Loan name	Interest rate	Term	Final payment	Loan value
Production Line	Renaissance	8.1% over base	5 years	May 2028	186
BMW Finance	BMW	2.2%	3 years	December 2025	41
					227

The 2016 and 2018 Loan Notes were repaid on 16 January 2023.

The invoice finance facility is secured by a debenture over all assets of certain trading subsidiaries of the Group, being Journeo Fleet Systems Limited and Journeo Passenger Systems Limited.

At 31 December 2023, Plant and equipment with a carrying value of £288k (2022: £54k) are pledged as security for loans.

Lease liabilities

For details of the Right of Use assets see note 12. The carrying amount of lease liabilities and movements during the year are as follows:

Lease liabilities	Land and Buildings £'000	Motor Vehicles £'000	Total £'000
At 31 December 2022	231	115	346
Additions	599	202	801
Accretion of interest	64	7	71
Payments	(171)	(96)	(267)
At 31 December 2023	**723**	**228**	**951**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date as follows:

	2023 £'000	2022 £'000
Current liabilities	**195**	121
Non-current liabilities	**384**	225
Total liabilities	**951**	346

19. Loans and borrowings CONTINUED

Contractual maturity of lease liabilities:

Lease liabilities	**2023 £'000**	2022 £'000
Up to 1 year	**195**	121
Between 1 and 5 years	**384**	225
More than 5 years	**372**	—
	951	346

Amounts reported in the consolidated income statement include the following (see note 6)

	2023 £'000	2022 £'000
Interest on lease liabilities	**76**	28

20. Warranty provisions

	Warranty £'000	Total £'000
Balance at 1 January 2023	506	506
Acquired on Business Combination	2,000	2,000
Charged	855	855
Released	(349)	(349)
Movement in the year	506	506
Balance at 31 December 2023	**3,012**	**3,012**
Included in current liabilities	778	778
Included in non-current liabilities	2,234	2,234

The warranty provision represents management's best estimate of the Group's liability for warranties granted on products sold based on past experience and industry averages for defective products. The warranty provision is expected to be fully released by 31 December 2028.

21. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity balances. The capital structure of the Group at the year end consisted of cash and cash equivalents, loans, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders, the issue of new loans, loan repayments, the issue of new shares and the buy-back of existing shares.

The Group's overall capital risk management strategy remains unchanged from the prior year.

Note 22 to the financial statements provides details regarding the Company's share capital and movements in the year. There were no breaches of any requirements with regard to any relevant conditions imposed by the Company's Articles of Association during the periods under review.

Gearing

Net cash (excluding lease liabilities) was £7,889k at 31 December 2023 (2022: net debt £2,123k). Net cash / debt is defined as cash and cash equivalents less short-term and long-term borrowings.

Significant accounting policies

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 is disclosed in note 2 to the financial statements.

21. Financial instruments CONTINUED

Categories of financial instruments

	Carrying value	
	2023 £'000	2022 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents):		
Trade receivables	**8,896**	4,665
Other receivables	**1,145**	726
Cash and cash equivalents	**8,116**	533
	18,157	5,924
Financial liabilities		
Other financial liabilities held at amortised cost:		
Trade payables	**4,368**	2,359
Other payables	**1,984**	7
IFRS 16 leases	**951**	346
Accruals	**1,647**	2,181
Loans and borrowings	**227**	2,656
	9,177	7,549

The Directors consider that the carrying amount of the financial assets approximates to their fair value and represents the maximum exposure to credit risk.

The Directors consider that the carrying amount of the financial liabilities approximates to their fair value.

Financial risk management objectives

The Group's approach to managing financial risk is described in the Directors' report.

Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Swedish Krona	**121**	138	**7**	14
Euro	**265**	59	**1,129**	544
Danish Krone	**934**	—	**254**	—
US Dollar	**2,028**	20	**846**	—

At the year end the Group was exposed to fluctuations in Swedish Krona, Euros, Danish Krone and US Dollars against Sterling.

21. Financial instruments CONTINUED

The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. 10% represents management's assessment of a possible change in foreign currency exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where Sterling strengthens against the relevant currency. For a 10% weakening in Sterling against the foreign currency, there would be an equal and opposite impact on the profit.

	2023 £'000	2022 £'000
Swedish Krona (loss)	**(121)**	(12)
Euro profit	**86**	49
Danish Krone (loss)	**(68)**	—
US Dollar (loss)	**(118)**	(2)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only extending credit to creditworthy counterparties, and obtaining collateral where appropriate, as a means of mitigating risk of financial loss from defaults. The Group obtains credit checks from independent rating agencies and other publicly available financial information to rate its customers. The Group's exposure and credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the credit control team.

The credit risk within contracts is managed in the same way. The credit risk management of other receivables, where material, if not covered above, is handled on a case-by-case basis.

The Group has significant credit risk exposure to several single counterparties. Note 15 to the financial statements gives details of counterparties with balances in excess of 5% of total trade receivables at the year end.

Liquidity risk management

Responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate banking facilities. At 31 December 2023, the Group had £nil overdraft facility (2022: £nil). As at 31 December 2023, the net bank balance, cash less overdraft, was £8,116k (2022: £533k).

At 31 December 2023, the Group has £nil (2022: £550k) of loan notes and an invoice discounting facility with Close Brothers for £2,750k (2022: £2,750k).

Maturity of financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The maturity of financial liabilities table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	2023 £'000	2022 £'000
In one year or less	**8,490**	5,599
In one to two years	**199**	40

22. Share capital

Called up share capital

	2023 £'000	2022 £'000
Authorised		
16,474,491 New Ordinary Shares of 6.5p each (2022: 8,741,250 Ordinary Shares of 6.5p each)	**1,071**	568
87,412,500 Deferred Shares of 6.5p each (2022: 87,412,500)	**5,682**	5,682
	6,753	6,250
Issued, allotted and paid up		
16,474,491 New Ordinary Shares of 6.5p each (2022: 8,741,250 Ordinary Shares of 6.5p each)	**1,071**	568
87,412,500 Deferred Shares of 6.5p each (2022: 87,412,500)	**5,682**	5,682
	6,753	6,250

22. Share capital CONTINUED

Ordinary Shares are entitled to one vote each, a dividend and a return on assets.

Deferred shares are not entitled to vote or any dividends. A return on liquidation will only be made after payment has been made to the holders of Ordinary Shares of the amounts paid up on such shares and the sum of £10,000,000 in respect of each Ordinary Share.

The share premium account represents the amount received on the issue of Ordinary Shares by the Company, in excess of their nominal value and is non-distributable.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with Section 612 of the Companies Act 2006.

On 16 January 2023 6,999,999 new Ordinary Shares (comprising 6,142,860 Placing Shares, 523,806 Subscription Shares and 333,333 Retail Offer Shares) were issued and admitted to trading on AIM.

On 18 January 2023 476,190 new Ordinary Shares were issued and admitted to trading on AIM.

On 10 October 2023 240,385 new Ordinary Shares were issued and admitted to trading on AIM.

On 13 October 2023 16,667 new Ordinary Shares were issued and admitted to trading on AIM.

Share options

The Company operates EMI share option schemes for employees and Directors of the Group. Individual options have an exercise price of the market value at date of grant or the nominal value if higher. All options are settled in equity, automatically lapse ten years after the date of grant and generally lapse if an option holder ceases to be a Group employee.

As at 31 December options under these schemes, including those held by Directors, were outstanding over:

	2023		2022	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**1,074,135**	**69p**	1,074,135	65p
Exercised during the year	**(257,502)**	**104p**	—	—
Lapsed during the year	**(35,000)**	**50p**	—	—
Outstanding at end of year	**782,083**	**60p**	1,074,135	69p
Exercisable at end of year	**782,083**	**60p**	1,074,135	69p

The aggregate charge recognised in the Group financial statements in the year was £22,000 (2022: £45,000), all of which was recognised in subsidiary entities results.

In February 2022, the vesting period increased for a tranche of the employee share options granted in 2020 from 3.75 years to 4.75 years and a tranche of the 2021 share options from 2.75 years to 3.75 years. The fair value of the options at the date of modification remained unchanged and was determined using the same models and principles as described above. These options will continue to be recognised as an expense over the period from the modification date to the end of the extended vesting period.

Directors' interests in share options

Details of options held by Directors over the Company's Ordinary and Deferred Shares of 104p and 50p are set out below:

	As at 31 December 2022	Exercised during the year	**As at 31 December 2023**	Exercise price	Date from which exercisable	Expiry date
R C Singleton	240,385	240,385	**—**	104p	10/10/2016	10/10/2023
N W Lowe	180,000	—	**180,000**	50p	02/04/2021	01/04/2030

The market price of the Company's shares at the end of the financial year was 266p (2022: 138p) and the range of market prices during the year was 121p to 274p (2022: 99p to 138p). The weighted average remaining life of all share options outstanding at 31 December 2023 is 6 years and 3 months (31 December 2022: 6 years and 9 months).

22. Share capital CONTINUED

For those options granted after 7 November 2002, the Black Scholes model has been used to calculate the charge to the consolidated statement of comprehensive income. The inputs into the model are as follows:

Option type	Grant date	Exercise price (pence)	Share price on grant date (pence)	Expected term (years)	Vesting period (years)	Option life (years)	Expected volatility	Risk free rate
EMI	12/10/2015	104	4.38	5	3	10	146%	1.82%
EMI	02/04/2020	50	50	5	0	10	57%	1.10%
EMI	02/04/2020	50	50	5	2	10	56%	1.10%
EMI	02/04/2020	50	50	5	2.75	10	56%	1.10%
EMI	02/04/2020	50	50	5	4.75	10	56%	1.10%
EMI	21/04/2021	105	105	5	2	10	57%	1.10%
EMI	21/04/2021	105	105	5	3.75	10	57%	1.10%
EMI	21/04/2021	105	105	5	3.75	10	57%	1.10%

No dividend yield has been assumed for any of the above options and none of the share options' performance conditions are linked to the market price of the Company's shares.

Expected volatility was determined by calculating the historical volatility of the Company's share price over the time commensurate with the award term immediately prior to the date of grant (i.e. five years). Given the lack of past option award exercise data for the Company's share-based awards, management has assumed an expected term equal to five years for option awards with ten-year terms (a typical average input for a ten-year option scheme).

Employee Shareholder Plan

On 15 February 2015, the 21st Century Technology Employee Shareholder Plan (the 'Plan') was implemented following approval at a general meeting of the Company. Details of the B Ordinary Shares of 0.1p in the capital of Journeo Fleet Systems Limited (formerly 21st Century Fleet Systems Limited) ('Shares' and 'Solutions', respectively) are set out below:

The Shares carry the right for the holder, to require the holder(s) of A Ordinary Shares, jointly and severally, in Solutions to acquire the Shares (the 'Put Option'). The option may be exercised:

(a) at the discretion of the Executive where a compulsory share transfer event occurs (such as a cessation of employment); and

(b) if (i) not less than three years nor more than ten years have elapsed since the Shares were acquired; and (ii) the share price of Ordinary Shares in the capital of the Company (or such other company as may then be the parent company of Solutions) is not less than 112p per share.

The price per Share payable under the Put Option shall be equal to the amount by which the market capitalisation of the Company (as determined by the middle-market price of the Company's shares averaged over the last ten dealing days preceding the valuation date) exceeds £378,787, divided by the total number of issued shares in the capital of Fleet Systems.

The price may be settled, at the discretion of the Company, in cash or by the issue or transfer of such number of Ordinary Shares in the Company to the relevant value, calculated by reference to the middle-market price of the Company's shares averaged over the last ten dealing days preceding the valuation date. Should the Company exercise its discretion described above and issue the Executives with Ordinary Shares in the Company in exchange for the Shares in Solutions, the Executives' holdings in the Company would represent, following the same allotment, 7% of the fully diluted share capital of the Company.

Directors' interests in the Employee Shareholder Plan

	As at 31 December 2022 & 2023	Exercise price	Date from which exercisable	Expiry date
21st Century Technology Employee Shareholder Plan				
R C Singleton	100	112p	13/02/2018	13/02/2025

22. Share capital CONTINUED

Although the employee shares awarded under the Plan are not strictly share options, they have the same characteristics as premium-priced share options. Accordingly, the Plan is accounted for in accordance with IFRS 2 'Share-based Payment' using a Black Scholes option pricing model to give a proxy for the fair value of the services provided by the Executives, the key inputs to which are:

Option type	Grant date	Exercise price (pence)	Share price on grant date (pence)	Expected term (years)	Vesting period (years)	Option life (years)	Expected volatility	Risk free rate
Employee Shareholder Plan	13/02/2015	104	4.88	5	3	10	139%	1.68%

No dividend yield has been assumed for any of the above options and none of the share options' performance conditions are linked to the market price of the Company's shares.

23. Financial commitments

At 31 December 2023, the Group had total commitments under non-cancellable operating leases not accounted for under IFRS 16 as follows:

	2023 £'000	2022 £'000
Due within one year	**43**	43
Due between two and five years	**—**	—
	43	43

24. Related party transactions

Payments to key management personnel are included in note 5.

£60,000 of the 2016 Loan Notes and £25,000 of the 2018 Loan Notes included in note 19 in aggregate were provided by three of the Group's Directors: Russ Singleton, Mark Elliott and James Cumming (the 'Lending Directors'). The Lending Directors are related parties of the Company pursuant to the AIM Rules for Companies. The 2016 and 2018 Loan Notes were repaid on 16 January 2023.

There are no other related party transactions.

Subsidiaries

Transactions between the Company and its subsidiaries are eliminated on consolidation and therefore not disclosed.

25. Businesses acquired – Infotec group of companies

On 18 January 2023, the Group acquired 100% of the equity of IGL Limited, together with its subsidiaries ('IGL' or 'Infotec'), all UK-based businesses.

Infotec is a leading provider of innovative display solutions and is the UK's leading rail passenger information equipment provider, with over 15,000 displays in operation. Infotec services approximately 80% of the UK's rail network.

25. Businesses acquired – Infotec group of companies CONTINUED

The details of the business combination are as follows:

	£'000
Fair value of consideration	
Amount settled in cash	**7,218**
Deferred consideration	**1,000**
Consideration shares	**500**
Total consideration	**8,718**
Identifiable net assets (recognised at fair value):	
Other intangibles	**1,301**
Property, plant and equipment	**264**
Inventories	**3,047**
Trade and other receivables	**3,980**
Cash	**12,641**
Total assets	**21,233**
Equity and liabilities	
Trade and other payables	**(5,422)**
Deferred revenue	**(6,883)**
Tax liabilities	**(446)**
Provisions	**(2,000)**
Total liabilities	**(14,751)**
Net assets	**6,482**
Goodwill on acquisition	**2,236**
Consideration settled in cash	**8,218**
Cash and cash equivalents acquired	**12,641**
Net cash inflow on acquisition	**4,423**

Consideration transferred

The acquisition of Infotec was settled in cash amounting to £8,218k (including deferred consideration of £1,000k). Acquisition related costs amounting to £132k were incurred.

Identifiable net assets

The fair value of identifiable net assets acquired as part of the business combination amounted to £6,482k.

Separable intangible assets

One separable intangible asset was identified at acquisition, being the acquired customer relationships. The acquired customer list was valued by assessing a discounted cash flow based on expected customer attrition rates and using the Group discount factor of 13%. The useful life has been estimated at five years.

Goodwill

Goodwill is primarily related to the core growth expectations that are expected from combining Infotec and Journeo technologies and upselling this to existing customers.

Infotec contribution to the Group results

Infotec generated an underlying profit of £3,697k for the period from 18 January 2023 to the reporting date. Revenue for the period to the reporting date was £19,669k. In the 12 months to 30 December 2022 Infotec sales were approximately £16,520k with profit before tax of £2,646k.

26. Businesses acquired – MultiQ Denmark A/S

On 19 September 2023, the Group acquired 100% of the equity of MultiQ Denmark A/S ('MultiQ'), a Denmark based business.

MultiQ is a leading full-service provider of Intelligent Transport Systems (ITS) with customers in Denmark, Sweden and Iceland.

The details of the business combination are as follows:

	£'000
Fair value of consideration	
Amount settled in cash	1,089
Deferred consideration	413
Total consideration	1,502
Identifiable net assets (recognised at fair value):	
Property, plant and equipment	573
Tax assets	267
Inventories	660
Trade and other receivables	1,084
Cash	110
Total assets	2,694
Equity and liabilities	
Trade and other payables	(1,450)
Deferred revenue	(81)
Tax liabilities	(138)
Total liabilities	(1,669)
Net assets	1,025
Goodwill on acquisition	477
Consideration settled in cash	1,502
Cash and cash equivalents acquired	110
Net cash outflow on acquisition	(1,392)

Consideration transferred

The acquisition of MultiQ was settled in cash amounting to £1,502k (including deferred consideration of £413k). Acquisition related costs amounting to £157k were incurred.

Identifiable net assets

The fair value of identifiable net assets acquired as part of the business combination amounted to £1,026k.

Goodwill

Goodwill is primarily related to the core growth expectations that are expected from combining MultiQ and Journeo technologies and upselling this to existing customers.

MultiQ contribution to the Group results

MultiQ generated an underlying profit of £153k for the period from 20 September 2023 to the reporting date. Revenue for the period to the reporting date was £1,139k. In the 12 months to 30 December 2022 MultiQ sales were approximately £4,425k with a loss before tax of £32k.

Company statement of financial position

at 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	3	**2**	2
Investment in subsidiaries	4	**15,676**	6,958
		15,678	6,960
Current assets			
Other debtors		**23**	139
Cash and cash equivalents		**2**	1
		25	140
Total assets		**15,703**	7,100
Equity and liabilities			
Shareholders' equity			
Share capital	8	**6,753**	6,250
Share premium account		**8,266**	1,174
Merger reserve		**1,001**	1,001
Retained earnings		**(3,904)**	(3,530)
Shareholders' funds		**12,116**	4,895
Current liabilities			
Amounts owed to Group undertakings	5	**2,256**	1,523
Other creditors and accruals		**1,331**	132
Loans and borrowings	6	**—**	550
		3,587	2,205
Total equity and liabilities		**15,703**	7,100

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. Journeo plc reported a loss for the financial year ended 31 December 2023 of £396,000 (2022: loss of £327,000). The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2024 and were signed on its behalf by:

M W Elliott
Non-Executive Chairman

R C Singleton
Chief Executive

Registered number: 02974642

The notes on pages 82 to 88 form part of these parent company financial statements.

Company statement of changes in equity

for the year ended 31 December 2023

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2022	6,250	1,174	1,001	(3,248)	5,177
Loss and total comprehensive expense for the year	—	—	—	(327)	(327)
Share-based payments	—	—	—	45	45
Balance at 31 December 2022	6,250	1,174	1,001	(3,530)	4,895
Loss and total comprehensive expense for the year	—	—	—	(396)	(396)
Proceeds from issue of new shares	503	7,092	—	—	7,595
Share-based payments	—	—	—	22	22
Balance at 31 December 2023	**6,753**	**8,266**	**1,001**	**(3,904)**	**12,116**

The notes on pages 82 to 88 form part of these parent company financial statements.

Notes to the Company financial statements

for the year ended 31 December 2023

1. Significant accounting policies applied to the individual entity financial statements of the Company

Statement of compliance

The separate financial statements of the Company are presented in accordance with Financial Reporting Standard 101 'The Reduced Disclosure Framework'. They have been prepared under the historic cost convention, except financial instruments and share options, which have been prepared in accordance with IFRS 9 and IFRS 2 respectively. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year.

The numbers in the financial statements are rounded in £'000 for presentation purposes for year ended 31 December 2023 with prior year comparatives being for the year ended 31 December 2022.

This Company is included in the consolidated financial statements of Journeo plc for the year ended 31 December 2023. These accounts are available from the registered address of the Company.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101, paragraph 8:

(i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(ii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;

(iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 38.118e);

(iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(v) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a cash flow statement; and

(vi) The requirements of paragraph 45(b) and 45-52 of IFRS 2 'Share-based Payments' because the share-based payment arrangement concerns instruments of a Group entity.

Basis of preparation

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were:

(i) Note 4 – Investments in subsidiaries

Determining whether investments are impaired requires an estimation of the value-in-use of the cash generating units to which the investments relate. The value-in-use calculation requires the Company to estimate future cash flows expected to arise from the cash generating unit at a suitable discount rate in order to calculate the present value. Discount rates of 13% and 14% are applied to the cash flow forecasts from the most recent financial budgets and long-term plans which are extrapolated in perpetuity assuming no growth beyond five years.

Going concern

The Company shares financial resources within the Journeo plc Group, and the Directors have therefore considered Group level financial projections when considering going concern.

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £4,284k (2022: £1,158k). As at 31 December 2023 the Group had net current assets of £10,407k (2022: £1,798k) and net cash reserves of £8,116k (2022: £533k).

On 16 January 2023, the 2016 Loan Notes and the 2018 Loan Notes were repaid.

The Directors have prepared Group cash flow projections for the period to 30 June 2025 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

1. Significant accounting policies applied to the individual entity financial statements of the Company CONTINUED

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of these financial statements. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to three months and are measured on initial recognition at their fair value and subsequently at amortised cost.

Loans and receivables and other financial liabilities

Trade receivables and trade payables are measured on initial recognition which is the trade date, at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable trade receivables are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Loans are initially recognised at the fair value of the proceeds and are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least one year after the balance sheet date.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of comprehensive income.

Share capital and share premium

Ordinary Shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Merger reserve

The merger reserve arose on a historical acquisition prior to 1 January 2015 and has been maintained under an FRS 101 transition exemption.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or CGU and by comparing the internal rate of return generated by the cash flows to target return rates established by management. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying value of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

1. Significant accounting policies applied to the individual entity financial statements of the Company CONTINUED

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if that impairment loss had not been recognised. Impairment losses in respect of goodwill are not reversed.

2. Loss for the year

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. Journeo plc reported a loss for the financial year ended 31 December 2023 of £396,000 (2022: loss of £327,000).

The Company has an unrecognised deferred tax asset of:

	2023 £'000	2022 £'000
Tax losses	**703**	612

The Auditor's remuneration for the audit and other services is disclosed in note 7 to the Group financial statements.

The Directors' remuneration is disclosed in note 5 to the Group financial statements.

3. Property, plant and equipment

	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2023	12	6	18
At 31 December 2023	**12**	**6**	**18**
Depreciation			
At 1 January 2023	12	4	16
At 31 December 2023	**12**	**4**	**16**
Net book amounts			
At 31 December 2023	**—**	**—**	**2**
At 31 December 2022	—	2	2

4. Investments in subsidiaries

	Interests in Group undertakings	
	2023 £'000	2022 £'000
Cost		
At 1 January	**27,367**	27,367
Additions	**8,718**	—
At 31 December	**36,085**	27,367
Amounts provided		
At 1 January	**(20,409)**	(20,409)
At 31 December	**(20,409)**	(20,409)
Net book amounts	**15,676**	6,958

The Group tests investments annually for impairment as at 31 December, or more frequently if there are indications that investments might be impaired.

The assessment is based on the net assets of the Group combined with the net present value of the cash flow projections for Fleet Systems, Infotec and Passenger Systems based on financial budgets and business plans approved by the Directors covering a five-year period. Cash flows beyond that period have been extrapolated in perpetuity assuming no growth, which the Directors consider to be a conservative approach.

The key assumptions for the calculations are those regarding discount rates and sales forecasts. The discount rates are as follows:

	2023 %	2022 %
Fleet Systems	**14**	14
Infotec	**13**	—
Passenger Systems	**13**	13

The discount rates used are based on the Board's judgement considering macroeconomic factors and reflecting specific risks in each segment such as the nature of the market served, the concentration of customers, cost profiles and barriers to entry.

The net assets of the Group and the net present value of the cash flow projections of Fleet Systems, Infotec and Passenger Systems supports the current carrying value of the investment.

4. Investments in subsidiaries CONTINUED

Subsidiary undertakings

Details of the Company's subsidiary undertakings at 31 December 2023 are as follows:

Name of undertaking	Nature of business	Country of incorporation
Direct subsidiaries		
Journeo Fleet Systems Limited	Sale and installation of CCTV and other monitoring devices	UK
Journeo AB	CCTV installation and project management	Sweden
21st Century Crime Prevention Services Limited	Dormant	UK
21st Century Technology Group Limited	Dormant	UK
Bridge Alert Limited	Dormant	UK
Ecomanager Limited	Dormant	UK
Integrated Technologies (International) Limited	Dormant	UK
21st Century Technology Limited	Dormant	UK
21st Century Fleet Systems Limited	Dormant	UK
IGL Limited	Holding company of Infotec Limited	UK
Linefit Engineering Limited	Dormant	UK
Second Base Systems Limited	Dormant	UK
21st Century Passenger Systems Limited	Dormant	UK
ServiceManager Limited	Dormant	UK
Sextons Group Limited	Dormant	UK
Toad Innovations Limited	Dormant	UK
Toad Limited	Dormant	UK
21st Century Integrated Systems Limited	Holding company of Region Services Group	UK
Indirect subsidiaries		
Journeo Passenger Systems Limited	Sale, manufacture and installation of passenger systems	UK
Infotec Holdings Limited	Holding company of Infotec Group	UK
Infotec Limited	Sale, manufacture and installation of rail passenger systems	UK
MultiQ Denmark A/S	Sale and installation of CCTV and other monitoring devices	
	Sale, manufacture and installation of passenger systems	Denmark
RSL Cityspace Limited	Sale and service of information kiosks	UK
RSL Street Net Limited	Dormant	UK
Cityspace Limited	Dormant	UK

All subsidiaries are wholly owned except the 70%-owned Integrated Technologies (International) Limited. All UK subsidiaries' registered office address is the same as the Company; 12 Charter Point Way, Ashby-de-la-Zouch, LE65 1NF except Linefit Engineering Limited, registered office 272 Bath Street, Glasgow, G2 4JR.

IGL Limited has a year-end of 30 September. This Company is not audited and is subject to parental guarantees.

Journeo AB registered office is at Varuvägen 9, 125 30 Älvsjö, Sweden.

MultiQ Denmark A/S registered office is Fabrikvej 11, 8260 Viby J, Denmark.

5. Amounts owed to Group undertakings

The amounts owed to Group undertakings are interest free and repayable upon demand.

6. Loans and borrowings

	2023			2022		
	Current £'000	**Non-current £'000**	**Total £'000**	Current £'000	Non-current £'000	Total £'000
Loan Notes 2016	–	–	–	300	—	300
Loan Notes 2018	–	–	–	250	—	250
	–	–	–	550	—	550

The fair value of the loans and borrowings is not substantially different from the carrying value.

The main terms of the bank and other loans at the year ended 31 December 2023 were:

	Loan name	Interest rate %	Term	Final payment	Loan value £'000
Loan Notes 2016	Loan notes	10.00	7.1 years	January 2023	—
Loan Notes 2018	Loan notes	10.00	5.1 years	January 2023	—

The 2016 and 2018 Loan Notes were secured on the trade and other debtors of the Group's principal trading entities, Journeo Fleet Systems Limited and Journeo Passenger Systems Limited and were repaid on 16 January 2023.

7. Employee information

The Company had no direct employees in the years ended 31 December 2023 and 31 December 2022.

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8. Share capital

Called up share capital

	2023 £'000	2022 £'000
Authorised		
16,474,491 New Ordinary Shares of 6.5p each (2022: 8,741,250 Ordinary Shares of 6.5p each)	**1,071**	568
87,412,500 Deferred Shares of 6.5p each (2022: 87,412,500)	**5,682**	5,682
	6,753	6,250
Issued, allotted and paid up		
16,474,491 New Ordinary Shares of 6.5p each (2022: 8,741,250 Ordinary Shares of 6.5p each)	**1,071**	568
87,412,500 Deferred Shares of 6.5p each (2022: 87,412,500)	**5,682**	5,682
	6,753	6,250

Ordinary Shares are entitled to one vote each, a dividend and a return on assets.

Deferred Shares are not entitled to vote or any dividends. A return on liquidation will only be made after payment has been made to the holders of Ordinary Shares of the amounts paid up on such shares and the sum of £10,000,000 in respect of each Ordinary Share.

The share premium account represents the amount received on the issue of Ordinary Shares by the Company, in excess of their nominal value and is non-distributable.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with Section 612 of the Companies Act 2006.

On 16 January 2023 6,999,999 new Ordinary Shares (comprising 6,142,860 Placing Shares, 523,806 Subscription Shares and 333,333 Retail Offer Shares) were issued and admitted to trading on AIM.

On 18 January 2023 476,190 new Ordinary Shares were issued and admitted to trading on AIM.

On 10 October 2023 240,385 new Ordinary Shares were issued and admitted to trading on AIM.

On 13 October 2023 16,667 new Ordinary Shares were issued and admitted to trading on AIM.

Corporate information

DIRECTORS

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M W Elliott

Non-Executive Directors
J Cumming
B Kent

Executive Directors
R C Singleton
N Lowe

Company Secretary
N Lowe

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