Journeo

Connected systems, for connected journeys

Annual Report and Financial Statements
for the year ended 31 December 2022

Journeo

Welcome to Journeo's **2022** 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 £5m 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

£21.1m
Revenue
(2021: £15.6m)

£7.8m
Gross profit
(2021: £6.0m)

£1.2m
Underlying profit before tax
(2021: £0.6m)

£0.9m
Profit before tax
(2021: £0.4m)

£1.0m
Profit before tax excluding share-based payments
(2021: £0.5m)

£0.5m
Cash and cash equivalents at 31 December 2022
(2021: £1.1m)

9.80p
Diluted earnings per share
(2021: 4.46p)

Read more on **Consolidated statement of accounts** on pages 52 to 78

Operational highlights

- **Strong growth in SaaS subscriptions to the Journeo Portal, increasing connections by 150% over the period to 10,000 connected vehicles (2021: 4,000).**
- **Continued investment in Research and Development as a core component of the Company strategy.**
- **Extensive work with our supply chain to ensure availability of key components.**
- **Large-scale adoption of Journeo technologies including the Group's largest ever three-year £9m framework agreement with First Bus UK and largest software-led sale following a two-year £1.2m agreement with Scotrail.**
- **Expansion of our Airport capabilities following the £0.7m award at Dublin Airport for passenger transfer solutions and £0.9m order for high-precision airside telematics at Heathrow Airport.**
- **Further progress in our Environmental, Social and Governance (ESG) reporting.**
- **Retained all ISO 9001, 14001, 27001 and 45001 accreditations and Cyber Security and ICO certification.**

Read more on **Chief Executive's report** on pages 16 to 19

Contents

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

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

Through the acquisition of **Infotec** in January 2023, we have strengthened our manufacturing and rail capabilities, and widened the customer base that we are able to address. You can learn more about the most recent addition to the Group on pages 8 to 9.

Read more on **Chief Executive's report** on pages 16 to 19

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 the £2.4bn Transforming Cities Fund and the regulatory landscape changes of the Bus Services Act 2017. 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 expected 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 may 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. During 2022, the number of vehicles connected to Journeo's SaaS platform increased by 150% from 4,000 to 10,000, contributing to an increase in monthly recurring revenue.

The number of connections look set to continue to increase throughout 2023 and we have started the architectural works required to bring our displays Content Management System, EPIX, into the same cloud-based platform. This work is scheduled to complete during the year and will provide our customers with the most powerful and feature-rich transport software solution available.

Investing in growth

In the last four years, Journeo has invested over £5m 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

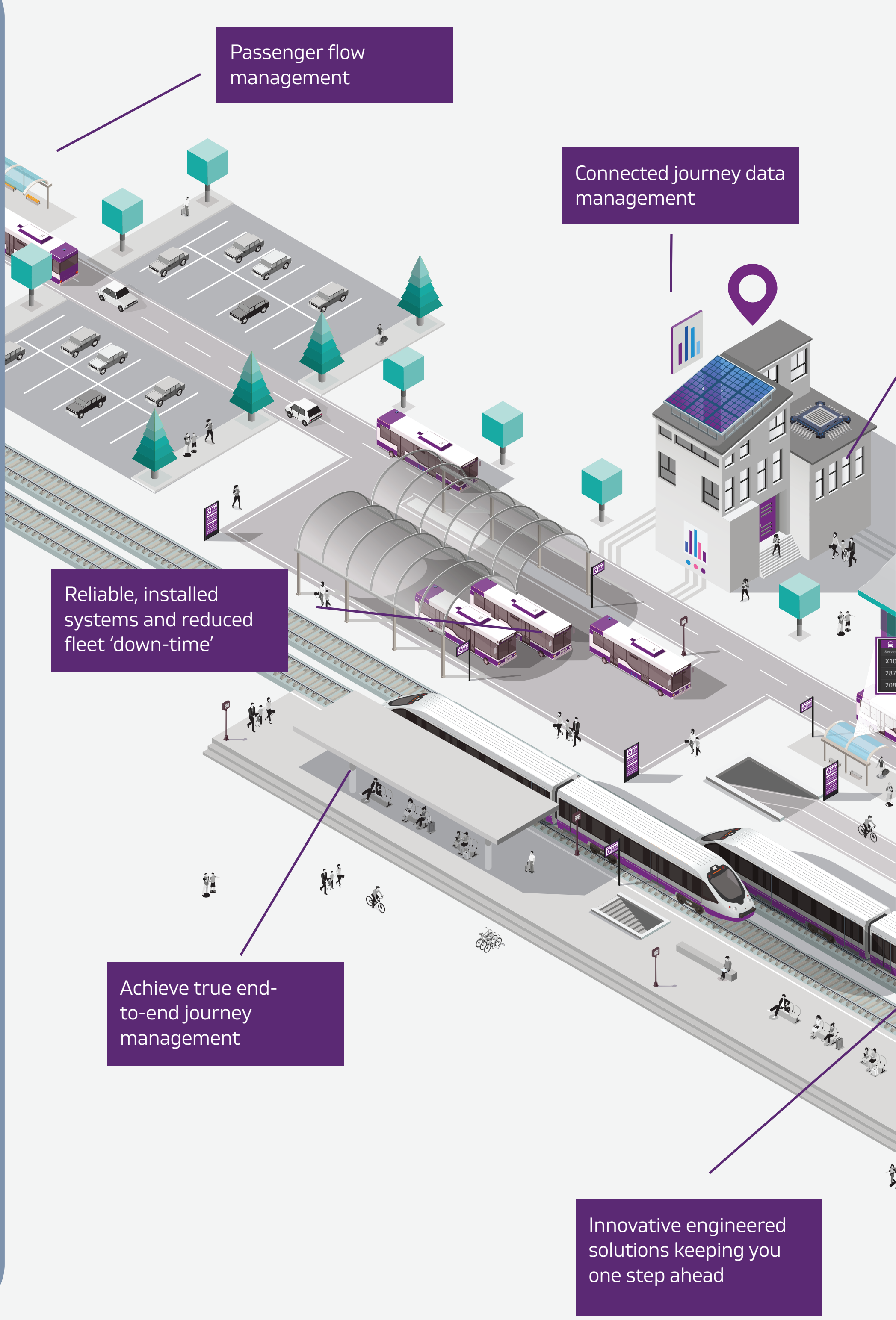
- Core real-time information management
- Advertising management
- Bus station management
- Multi-modal templates
- Mobile EPI
- Template editor

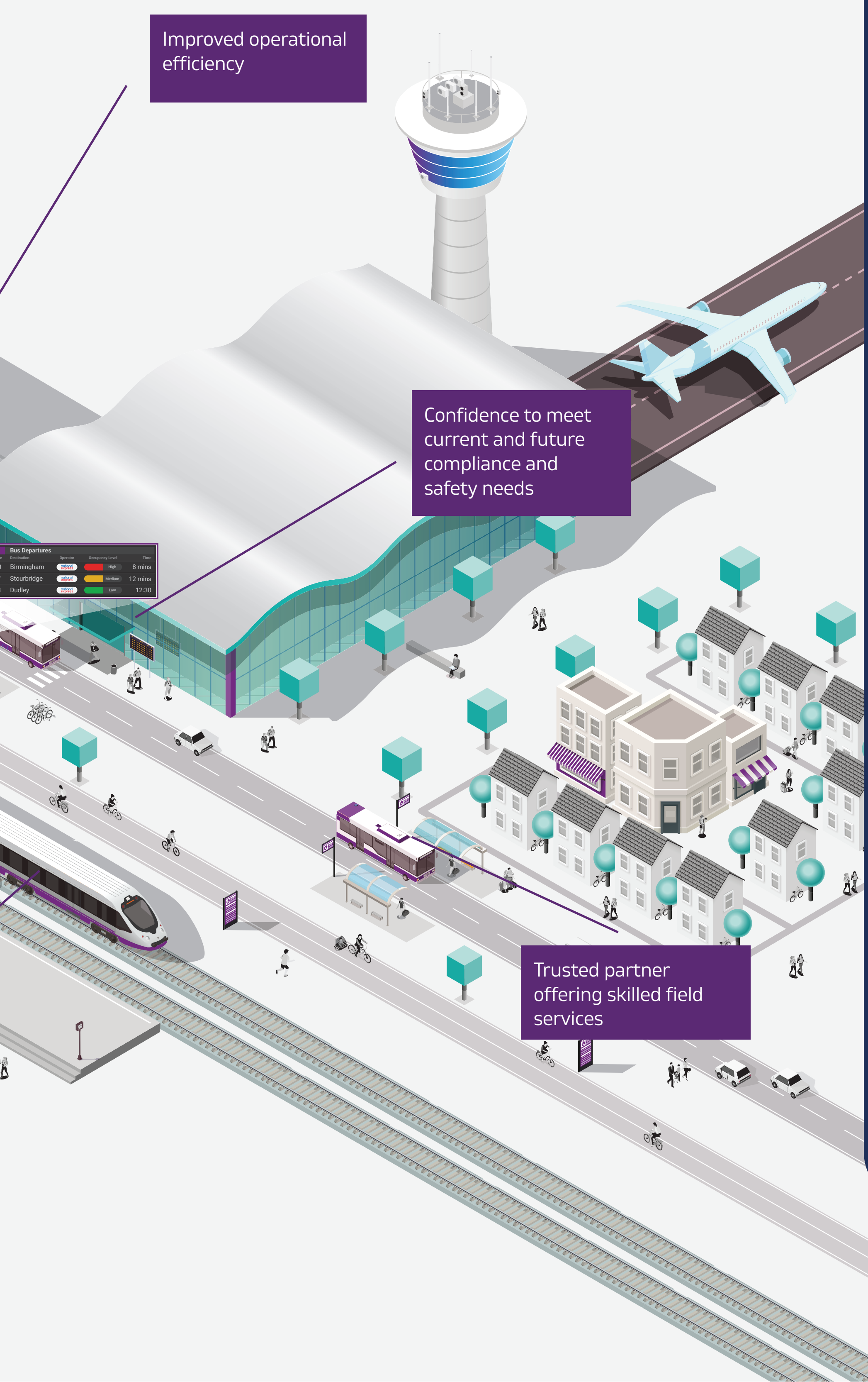
Journeo Portal

- 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

Infotec

- tsPlayer
- Tetrus-platform single colour LED displays
- Tetrus-platform RGB LED displays
- Tetrus-platform TFT LCD displays

At a glance CONTINUED

Passenger Transport Infrastructure Systems

We provide our solutions to many local authorities and Passenger Transport Executives (PTEs) across the UK and currently have over 5,000 display systems under software or support contracts.

These systems are powered by our latest electronic passenger information software – 'EPIX' content management for the transport sector. EPIX 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-energy semiconductors. For the most demanding applications, our displays can now be supplied and compliance tested to IP69K, which is currently the highest protection available.

£8.6m
Revenue

37% increase
(2021: £6.3m)

Read more on **Chief Executive's Report** on pages 16 to 19

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 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.

EPIX 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. We have begun the architectural works required to bring EPIX into the same software platform as our Journeo Portal solutions, delivering 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 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 Transport Operator 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 25% 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, revealing valuable data insights of their business performance and 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.

£12.5m
Revenue

34% **increase**
(2021: £9.3m)

Read more on **Chief Executive's report** on pages 16 to 19

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 interface 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 area car parks for bussing services at Gatwick and Stansted airports.

Introducing Infotec

Infotec

Infotec design and manufacture robust passenger information display solutions for the heavily regulated rail market. Working with Network Rail and Train Operating Companies (TOCs), Infotec has around 80% market share for on-platform display signage within the UK; 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 their 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 (Mass Transit Authority/MTA) 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.

"The rail market is a heavily regulated space with high barriers to entry. By bringing Infotec into the Journeo Group of Companies, with its well-established reputation for quality and existing market share, we now have the perfect opportunity to expand the reach of Journeo's technologies into this arena at a pace; accelerated beyond what could be achieved through organic business development. The Board is excited and determined in equal measure to realise the value that can be achieved through the cross-pollination of our teams and technologies."

Russ Singleton
Chief Executive, Journeo plc

SOLUTIONS

1 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.

2 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.

3 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.

A brief history

Formed in 1992 by Jeff Court, Infotec was initially a design-only service, specialising in white goods and steelwork data capture. In the late 1990s, the Company refocused to specialise in the design and manufacture of LED display systems for the rail market, finding success with an open protocol for the display of train information.

A period of rapid expansion followed, where Infotec went from a small market share to an almost 80% position in the UK rail market in under five years.

Tim Court, who had joined the company less than a year after its start, acquired a majority shareholding in 2007 where he continued the ethos of delivering high-quality products to provide a niche industry solution, ensuring that the well-earned reputation that Infotec had attained in the early 2000s persists to this day.

A strong management team and constant evolution of products through Research and Development, has enabled the company to maintain its UK market-leading position for nearly two decades and, most recently, expand sales into the important United States rail market.

Synergies

The Journeo and Infotec management teams were quick to recognise the clear parallels that existed between the businesses, with very minimal commercial crossover in their operating spaces.

Both organisations have built success on close bonds with their customers, gaining deep insight into the developing needs of the industries in which they operate and creating solutions to meet operation-critical requirements.

In-house design and manufacture of robust products that operate on open-platform standards ensures that Journeo and Infotec each maintain technology leadership positions that enable them to support customers with legacy installations, as well as develop systems that will provide customers with solutions that meet their evolving needs.

"It's been quite a journey but I am delighted to have the opportunity to join forces with Journeo and excited to be working with their team to ensure Infotec's next chapters are as successful as its previous. The combined Group's strengths extend the reach for our products and services into larger market areas and I'm confident that we will thrive with ever closer strategic, technical and operational ties."

Tim Court
Managing Director, Infotec Limited

Chairman's statement

"Our strategy is proving effective and the recent acquisition of Infotec, who have historically taken a very similar approach to ours in the rail market, complements this well."

Mark Elliott
Non-executive Chairman

Introduction

I am pleased to report that the Company continues to make excellent progress both in terms of financial performance and the development of its solutions. Completing the acquisition of Infotec Group Ltd in January 2023 also marked a significant move forward for the Group.

Infotec is a business that we have tracked with interest for several years, and we are delighted to welcome their customers alongside the management and wider teams of Infotec as they join the Journeo Group of companies. Infotec's expertise in the rail market will support the Company as we execute our strategy to further diversify our customer base and increase the potential markets that we can reach with Journeo's core technologies.

The transport market's recovery from the pandemic is ongoing. The UK Government's drive to improve public transport services through a range of funding streams continues and is a core tenet of their strategy to lead the UK to a Net Carbon Zero future, where mass transport and active travel options are the de facto choice for journeys over personal-use and privately owned vehicles. The continued development of our solutions supports this goal, providing operators with powerful new tools to help manage their fleets, local authorities the means to supply the travelling public with essential information and now, with the addition of Infotec, railway operating companies the ability to distribute on-platform information.

Trading results

Group results for the year ended 31 December 2022 show underlying profit increased 83% to £1,158k (2021: £634k).

Overall sales increased by 35% to £21.1m (2021: £15.6m) and gross profit increased by 30% to £7.8m (2021: £6.0m).

Fleet sales increased by 34% to £12.5m (2021: £9.3m) as bus operators increased investment. Gross profit increased to £3.7m (2021: £2.9m) with margins decreasing to 30% (2021: 31%) as hardware with a future software benefit was installed.

Passenger sales increased by 37% to £8.6m (2021: £6.3m). Margins decreased to 47% (2021: 49%) due to a higher proportion of new system installations, and gross profit increased to £4.1m (2021: £3.1m).

Underlying administrative expenses increased to £6.7m (2021: £5.6m) as expenditure returned to pre-COVID-19 levels, further investment was made, and inflationary cost increases were felt.

Profit before tax was £0.9m (2021: £0.4m).

Diluted earnings per share was (EPS) 9.80p (2021: 4.46p).

Cash and cash equivalents closed the year at £0.5m (2021: £1.1m).

Markets

To achieve the 2050 Carbon Net Zero goal of the UK Government, mass adoption of public transport and active travel is needed. To reduce the pollution caused by personal-use vehicles, a migration to new technologies is required; to ease congestion, only encouraging people out of their cars and on to buses, trains and trams or to select options such as walking and cycling, will achieve this.

Conditions in the transport market remain challenging. Changes in people's work patterns to include a greater level of working from home and 'hybrid' working have reduced the vitally important commuter spend that operators rely on to achieve economic viability. This, coupled with the safety concerns surrounding personal space, made the COVID-19 pandemic almost the perfect storm for public transport.

However, there are signs of recovery. Bus travel, the most popular form of public transport, may still remain some 27% behind pre-COVID levels of usage, but Department for Transport (DfT) statistics for 2021/2022 show a 55% increase in bus passenger journeys across the year, indicating that public confidence in mass transit is returning.

Public concern over the cost-of-living crisis is also playing a part. With energy and fuel costs soaring, selecting the more cost-efficient and environmentally friendly option of taking the bus or catching a train should be seen as a win-win situation for all parties. The UK Government's introduction of the £2 fare cap (January to March 2023) supports this and is an initiative that Journeo is fully behind.

Operators' investments in new vehicles, which has maintained historic lows in recent years, is also starting to revitalise as bus operators seek to replace ageing fleets with electric and hydrogen fuel cell buses, supported by the Zero Emission Bus Regional Areas (ZEBRA) funding scheme from the UK Government. Whilst we are yet to see a return to the previous norm of 5–7% of vehicle fleets renewal per year, the signs are encouraging.

One of the biggest challenges for operators throughout the year was the shortage of qualified bus drivers. During the COVID-19 pandemic, many drivers were enticed away from the industry and elected to move to work in adjacent markets and achieved substantively higher levels of pay, such as haulage. As the recovery began, operators were left in the stark position where services needed to be cut, as they simply could not put the vehicles on the road.

Our Content Management Software (CMS) known as EPIX, has for many years been able to alert passengers to cancellations, curtailments and delays but is reliant on upstream systems having the capability to produce the data. A combination of opening our system usually reserved for local authorities, to operators and improvements in systems earlier in the data chain, is improving the level of information to passengers, but further work remains to give passengers the confidence that they can rely on public transport.

Local authorities and Transport Executives are working continuously to promote public transport and substantive backing from the UK Government, first through the Transforming Cities Fund and more recently through the Bus Service Improvement Plans (BSIPs) submitted in late 2021, is beginning to be realised. BSIP awards totalling £1.2bn for local authorities and £5.7bn City Regional Sustainable Transport Scheme (CRSTS) funding allocations were made over the course of the year and parties are beginning to mobilise to deliver the projects required to improve public transport.

As Control Period 6 (CP6) ends and Control Period 7 (CP7) appears on the horizon of April 2024, there is still a lack of clarity about what changes we will see in the rail market. The future evolution of Network Rail to Great British Railways looks set to take place and be based locally to our Ashby headquarters, in nearby Derby, and we wait to see what improvements will be delivered through the Williams-Shapps Review for Rail. One thing that remains certain, however, is that inter-city travel will need to become less costly and more efficient to encourage people away from their cars, while providing passengers with the information they need to plan and adapt their journeys is crucial.

Strategy

Our strategy is proving effective and the recent acquisition of Infotec, which has historically taken a very similar approach to ours in the rail market, complements this well. We continue to have discussions with potential complementary acquisitions and expect that we will be able to complete additional suitable transactions in the future.

The deep and long-lasting bonds that we build with our customers continue to enable Journeo to identify current and future anticipated requirements within our target markets. Focused Research and Development in areas where we identify tasks that can be done more cost-effectively, more efficiently or to a higher quality allows us to build Intellectual Property (IP) and deploy core Journeo technology to add value to our customers and give them the tools they need to overcome their challenges.

The Journeo Portal has proved central to this as it is a highly secure web-based SaaS application that empowers transport operators to monitor the health and performance of their systems in real time. Throughout 2022 we achieved our target of surpassing 10,000 vehicle connections, each generating monthly recurring revenue, marking a 150% increase on the connections the application had at the close of 2021. Having reached this milestone, we will, alongside continuing connection growth, be focusing our attention on extending the capabilities of the back-end infrastructure required to include systems deployed through our Passenger Transport Infrastructure Systems business within the application. There are a number of pre-qualified opportunities on the horizon that support the need for a single application to manage transport networks. Managing all customers through a single solution will additionally enable the Company to enhance and streamline services further.

COVID-19

The Group is still feeling the impact of COVID-19, most notably on our supply chain, and we continue to closely monitor the situation.

Recent developments in China, the conflict in the Ukraine and the evolution of a new variant strain of COVID-19 are areas where we are focusing our attention, but we remain confident that having navigated the challenges of the past few years, we have the infrastructure and process in place to mitigate identified risks.

Environmental, social and governance

The Group continues to leverage the expertise of external consultants to support our work on developing a clear set of strategies and targets for our environmental, social and governance activities. Our progress is reported on pages 32 to 33 in the sustainability section of this report.

Throughout 2022, the Company maintained all ISO and cyber security accreditations.

People

It brings me great pleasure to be able to both thank the continuing dedication of our existing people and welcome new team members into the Journeo Group.

The continuing commitment of our people is playing an important role in building the capabilities of the Group, which in turn is strengthening our position as an emerging market leader and supporting our customers in moving to connected systems based upon open standards.

I am eager to see this continue as the Company moves into a new and exciting era that will include a wider range of customers and the potential for an increasing amount of valuable solutions.

I would also like to take this opportunity to welcome Barnaby Kent as Non-executive Director to the Board at an exciting time in Journeo's development and look forward to the important input he will be able to make as we progress our growth strategy.

Outlook

2022 can be seen as a defining point in the development of Journeo. Over the course of the year our Fleet Systems business has grown strongly and increased adoption of our SaaS-based solutions to more than double the amount that we had at the close of 2021. This is providing the Group with quality earnings and recurring revenue.

Furthermore, we have seen our Passenger Infrastructure business grow, capitalising on Government investment through TCF and BSIPs, resulting in increased revenue throughout 2022 and a commitment to bolster our current EPIX CMS software through integration into the Journeo Portal.

Independently of the acquisition of Infotec, our Fleet Systems and Passenger Infrastructure businesses have order books of unprecedented strength and an increasing pipeline of opportunities. Adding the capabilities, revenue and pipeline of Infotec into this underpins our confidence that Journeo is moving into a period of exciting change and growth in the next few years.

Challenges, of course, remain. Pressure on global supply chains is likely to persist well into 2023 and beyond; the possibility of escalating conflict in Ukraine and escalating tensions between China and Taiwan have the potential to destabilise all businesses and Government focus on some Far East supply partners are continuing areas of attention for the Board. We remain vigilant in these areas and have confidence that we have teams who retain agility and dedication to respond to any emerging risk, creating mitigating strategies where appropriate.

Following the acquisition of Infotec, we continue to evaluate complementary and bolt-on acquisitions that can both support the Group in executing its strategy and deliver enhanced value to our shareholders.

The Board remains focused on delivering our growth plans throughout the course of 2023 and beyond, ensuring that we continue the current trajectory of the Group and deliver evermore of our advanced solutions to customers in the UK and internationally.

Mark Elliott
Non-executive Chairman

28 March 2023

Read more on **Consolidated statement of accounts** on pages 52 to 78

Overview

Journeo

Strategic Report

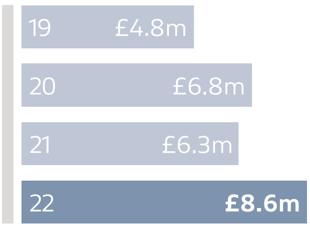
> *"Organic growth, which will further be supported by the acquisition made just outside of the year in January 2023, demonstrates the ongoing positive trajectory of Journeo."*

Russ Singleton
Chief Executive

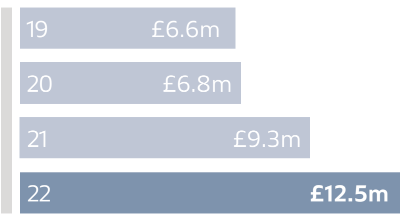
Chief Executive's report

> *"Widescale adoption of Journeo technology is pleasing and a demonstration of the close bond that we hold with our customers."*
>
> **Russ Singleton**
> Chief Executive

Passenger Transport Infrastructure Systems revenue



Fleet Transport Operator Systems revenue



Introduction and strategy update

The Company is making significant progress within the UK public transport market in its journey to be recognised as a leading provider of intelligent transport systems.

Against a backdrop of a slowly recovering transport market, Journeo has achieved dramatic growth in the number of connections to our cloud-based SaaS solution, the Journeo Portal; grown the deployment of our safety-critical digital wing mirror replacement system; continued to support local authorities and transport executives in making public transport more accessible; and, at the end of the period, made strategically important inroads into the rail market. This organic growth, which will further be supported by the acquisition of Infotec completed just outside of the year in January 2023, demonstrates the ongoing positive trajectory of Journeo.

The acquisition is an important landmark for the Company, providing us with a wider and more diverse customer base, both in the UK and overseas, in which to embed core Journeo technology. Any business that joins the Journeo family of companies are selected for their existing alignment to the main principles of our strategy. Infotec demonstrate technology leadership and domain expertise in its target markets, achieved through close customer bonding and engineering excellence.

Both domestically and internationally there is continued momentum to achieve a Carbon Net Zero future, and initiatives for mass public transportation and active travel are key to achieving this. The solutions that Journeo provide, from the promotion and awareness of public transport options, through to the safety and comfort of passengers on-board vehicles, support this goal, making them just one of the many elements required to help people choose greener, more sustainable forms of movement over the personal-use car.

We continue to concentrate our Research and Development with over £5m invested in the last four years to ensure that, our technologies and solutions support customers in prolonging the operational life of legacy equipment, deliver insightful and usable information from the systems purchased today and future-proof them for the developments of tomorrow, leveraging available open standards.

Operational review

Passenger Transport Infrastructure Systems

I am pleased to report that Passenger Systems performed in line with our expectations and delivered revenue growth of 37% across the year with revenues increasing to £8.6m (2021: £6.3m).

In March 2022, we announced a £2.1m purchase order for displays technology from City of Edinburgh Council. Whilst this formed part of spending indicated in a previously announced framework agreement (December 2019), the achievement of securing this order was by no means a foregone conclusion. Enhanced requirements from the original award required intensive work from our development teams to design new displays technology that is able to operate at lower power consumption rates and still offer the same level of functionality. I am delighted that through the ingenuity and dedication of our development teams, we were able to rise to meet this challenge, and Scotland's capital city will soon be in receipt of new optically bonded TFT displays that deliver higher contrast, lower reflection levels and increased readability, even in full sunlight, at a lower power consumption.

One important industry development over the course of 2022 has been the introduction of a new Content Management System to Passenger Information Display (CMS to PID) interface standard that defines the communication protocols between back-end software systems and displays. Whilst system-to-system communication has been defined for many years by industry-wide adoption of CEN (European Committee for Standardisation) standard interfaces, the final link in the data chain between a CMS and a display has not had the same attention and most usually relied upon proprietary standards.

The Real Time Information Group (RTIG) embarked on a project to change this. Funded by Transport for Wales (TfW), RTIG sought to introduce a standard protocol that could be used for TFT, LED and low-power displays. Journeo has played an active role in creating this standard and has participated in the Working Groups to define it, providing our deep industry knowledge to its creation. Some parts of the standard remain in draft form, but it continues to progress well.

This new standard has been welcomed by local authority customers, who so often have been locked to existing suppliers when selecting technology for deployment within their information estate. As such, adoption or future adoption of this protocol is beginning to become a standard requirement in tender specifications and in June 2022 we announced a contracts award totalling £1.7m with Nottingham City Council for solutions that will rely upon this development.

The larger of the contracts, valued at £1.4m, will see Journeo upgrade 1,600 legacy displays away from radio-based solutions to operate on 4G and 5G technology, communicating exclusively on the new protocol. The balance of £0.3m is for the delivery of a new intelligent messaging platform that will enable the authority to automate messaging from multiple sources, both human and machine-based, for delivery to displays. The second award, whilst smaller in value, has significant strategic benefits for Journeo as we look to integrate the EPIX CMS into the Journeo Portal platform.

The success of the business continued across the year, with multiple awards for a Northern Transport Partnership and purchase orders for displays technology of £0.6m in July 2022, £0.7m in early December 2022 and a further £0.5m just before the year end.

The partnership's continued investment in Journeo technology is a fundamental part of their plan to improve the level of information provided to travellers at bus stations, interchanges, travel hubs and along key transit corridors.

Chief Executive's report CONTINUED

The development of our Passenger Transport Infrastructure Systems business is quite impressive since its formation following the acquisition of Region Services in 2015. At the outset, it was clear that there were significant barriers to entry that prevented us from accessing new customers. Contractual and technological lock-ins were also preventing the business from reaching its potential and we have worked hard to overcome or remove many of the obstacles. In addition to the new RTIG CMS to PID standard, we have created new procurement routes for our customers. We have been listed on the Crown Commercial Service's Transport Technology and Associated Services (TTAS) framework since late 2021 and were accepted on to the Smart Applications Management (SAM) displays framework in June 2022. Whilst no monetary value is yet attached to this framework, it is expected to play a central role in the redevelopment of real-time information estate in Wales and across the United Kingdom. I am encouraged that as we apply more of our development resource to the business across the course of 2023, we have the procurement routes and technical agility to further develop the business.

Fleet Transport Operator Systems

Our Fleet Transport Operator Systems business has performed well over the course of 2022 with revenues increasing 34% to £12.5m (2021: £9.3m); in part due to the increase in investment of bus operators. However, the impact our core technology and exclusive supply agreements from our partners have had in securing orders and framework agreements cannot be underestimated.

A key aspect of our success, during the extended period of suppressed vehicle orders has been the implementation of the Journeo Camera Monitoring System, also known as our digital wing mirror system. A safety-critical solution that formed part of the Transport for London (TfL) Vision Zero specification, the solution replaces traditional wing mirrors with high-definition analogue cameras and internal monitors that improve visibility of the surrounding road conditions for the driver.

Since introduction in 2018 we have supplied and installed these solutions on over 1,000 buses and in March 2022 secured an agreement for a three-year extension to our exclusive supply agreement which includes the UK bus market and Scandinavia, where trials of the system were deployed across the course of the year. This market-leading solution continues to gain interest and in the year we achieved our first retrofit system trials, which may significantly extend the number of vehicles that can now access this safety-critical system. We continue to develop the solution with the OEMs and demonstrated prototype technology at the Euro Bus 2022 exhibition at the NEC in November 2022.

In April 2022 we were delighted to announce a three-year, £9m framework with First Bus UK. The framework also has the potential for a further two-year extension, which would take the agreement through to March 2027. Based upon our core technology and SaaS Journeo Portal product, the framework is the largest ever achieved by Journeo and enables us to provide tracking, video management and remote condition monitoring services of on-vehicle systems across the entirety of the operator's 4,500-strong fleet of vehicles.

This widescale adoption of Journeo technology is a demonstration of the close bond that we hold with our customers, which enables us to better understand their needs and adapt our technology to deliver solutions that improve operational efficiency at lower cost. Between its launch in October 2019 and the close of the year in December 2022, the Journeo Portal has grown exponentially and now has over 10,000 vehicle connections, with more expected over the course of 2023. Our Fleet Transport Operator Systems business has undoubtedly been a benefactor of our technology advancements and a ratification of the need for our continued investment in Research and Development.

In September 2022 our Airport Passenger Transfer solutions experienced further success with the £0.7m award for systems to be deployed for Aircoach at Dublin Airport, marking the first deployment of our solutions outside of the UK. The powerful operation management software supports the operator in running an efficient and timely service transporting passengers to the terminal buildings and will join London Gatwick, London Stansted, London Heathrow and Bristol airports in running on Journeo technology.

Whilst we have historically focused on solutions for bus, we have maintained a small and dynamic team to address the rail market and their work this year has been rewarded with two major awards. The first, in January 2022 was for a £0.7m award for the supply and support of high-definition Forward-Facing CCTV (FFCCTV) systems to GBRf. The systems are also connected

to our SaaS platform, the Journeo Portal, demonstrating the adaptability of our core technology to adjacent markets.

The second and more significant award was achieved at the end of the year, in December 2022, where Network Rail awarded Journeo with a £1.2m contract to connect third-party systems to our Journeo Portal, on behalf of ScotRail. The two-year licensing agreement is the first major software-led contract that the Company has secured and demonstrates the confidence in the cyber-security employed to enable image-sharing between Network Rail, a Train Operating Company (TOC) and the British Transport Police (BTP). Additionally, the award also includes our new Track Incursion Monitoring (TIM) application, that will enable the parties to be alerted to foliage creep and track obstruction using the existing legacy cameras.

The developments in our rail applications are cause for optimism and, following the acquisition of Infotec in January 2023, we expect to see a growing ability within the Company to cross-sell solutions across the rail industry.

Central Services

Following the end of Work from Home instructions in January 2022, the Company adopted a primarily hybrid working model. Whilst our Sales Teams have always worked remotely, this signalled a shift in approach to the central services of Development, Finance, Marketing and Project Management. This decision has been welcomed by our team members, enabling both the interaction with colleagues needed to create the spark for innovation alongside the quiet focus time required to deliver it. The only areas that do not adopt this model are areas of the business where we feel office or site attendance is essential; such as in production and customer support.

We continue to work closely with our supply chain partners and monitor the impacts of global events on our ability to source the essential components such as semiconductors, microprocessors and display panels.

Whilst our work on ESG is ongoing, and we are focusing on developing the framework to achieve Level 1 and Level 2 carbon emissions reporting, we are aware that there will be a need to develop Level 3 reporting in the future and are making necessary adjustments to monitor such a change.

In situations where specific risks are identified that may affect pricing, availability or quality of component supplies we take corrective action to try to mitigate the effects through advance purchasing of core components and source alternatives that can be substituted if required.

Throughout 2022, we maintained all ISO and Cyber accreditations which not only provides us with information security, governance and traceable quality systems, it demonstrates to our passenger infrastructure and fleet operator customers that Journeo are the right people in which to place their trust, and deliver the vital products, software and support services.

Russ Singleton
Chief Executive

28 March 2023

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.

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 in order 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 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, will change to a concession model using Passenger Service Contracts (PCS), led by the proposed 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 hydrogen and electric 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 new 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 the remaining £1.4bn funding remains for a three-year period. DfT funding was announced in 2022 and the first tranche was released late in the calendar year. Many consider it possible that the devolved parts of the United Kingdom will follow suit to encourage a return to public transport.

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.

Transforming Cities Fund (TCF)

TCF is a £2.4bn programme, originally announced in 2017, to improve productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The programme is coming to an end, but funding remains for delivery of projects throughout 2023.

Markets CONTINUED

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 recently announced 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 expect 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 £5m 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.

Further, 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. This was especially welcomed during the pandemic as customers can access vital evidence remotely and securely, without having to visit the bus, coach or train.

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 1,000 vehicles across 27 operators and we have also begun trial installations in our Swedish customer base.

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.

We are continuing to invest in the development of our Journeo EPIX Software to meet the emerging needs of our customers as their requirements grow with their new powers and responsibilities, and have begun the integration of the solution into our popular SaaS-based Journeo Portal.

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 will provide further opportunity for core Journeo technology and deliver 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 international expansion of Journeo solutions.

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 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.

>15,000
assets connected to our cloud platforms (2021: 8,500)

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.

407
partners in our global supply chain (2021: 394)

Our people

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

106
people
(2021: 96)

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.

138p
share value as at
31 December 2022
(31 December 2021: 107.5p)

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
2022 OBJECTIVE	Broaden the capabilities of our embedded solutions to enhance our customers' ability to manage their fleets and infrastructure. Place a greater emphasis on sustainability across our operations and the full lifecycle of our products and services.	Target specialist projects that deepen our knowledge and will form the foundations for future customer applications. Continue to support large-scale and complex deployments of Journeo technologies.	Continue to invest in Research and Development. Extend our renewables and ultra-low power technologies and broaden the capabilities of our SaaS solutions.	Introduce new applications to enter new market segments to attract and retain customers. Extend our customer base into complementary and adjacent markets, organically and by acquisition.
PROGRESS	We have won multiple projects that will deliver an enhanced experience of our EPIX CMS through integration with our Journeo Portal SaaS solution, including an intelligent messaging platform for a Northern Transport Partnership, automating the provision of vital journey updates for waiting passengers. Delivery is ongoing and on-schedule, expected early Q2 FY2023. Multiple developments to our display range include new optically bonded displays technology, reducing the brightness needed for external displays and lowering their power consumption, especially over the extended periods of use that they are built for.	We have expanded the applications available through our Journeo Portal, with a high-precision telematics solution deployed at a Critical National Infrastructure location, expanding beyond public transport systems. New industry standards for CMS to Passenger Information Display communication has seen Journeo undertake extensive works to lead delivery of the standard, with a project secured to upgrade over 1,700 displays for a Northern Transport Partnership.	We have continued to invest in our Research and Development capabilities at the same rate across the business. We have deployed several customer trials of our ultra-low power display solutions that are being assessed with great interest. 2022 also saw a 150% increase in connections to the Journeo Portal, which now manages and monitors systems for more than 25% of the UK bus market.	The introduction of a pure, high-precision telematics solution, based upon our own core technology at a Critical National Infrastructure location is testament to the development of the capabilities of Journeo and opens up further opportunities for the Company. Just outside of the year we completed the acquisition of Infotec Ltd, a market-leading provider of passenger information systems to the rail market, increasing our exposure to Network Rail, among others.

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

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.

Strategy in action timeline

2019

- **Sales, marketing, and channel development** – investment in pre-sales technical support and (CRM) management software to support marketing activities. Pipeline of sales opportunities outside traditional bus and bus shelter applications starts to build and includes large-scale transport infrastructure projects.
- **Secured London Stansted Airport upgrade project** – based entirely on our own software with National Express.
- **Renamed Group Journeo plc** – to better reflect the Company's evolution into a provider of IoT based, connected technologies to the transport community.
- **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.

2020

- **Transforming Cities Funding (TCF)** – receipt of first TCF orders, including a £1.9m award for displays technology for a Northern Transport Partnership.
- **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.
- **Further development of the Journeo Portal** – inclusion of new applications such as Operational Management (developed for our Converged Airport Solutions) and Automatic Passenger Counting applications to take advantage of the increased interest in vehicle occupancy as a result of the COVID-19 pandemic.

2021

- **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 that saw subscriptions more than double again in 2022.
- **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

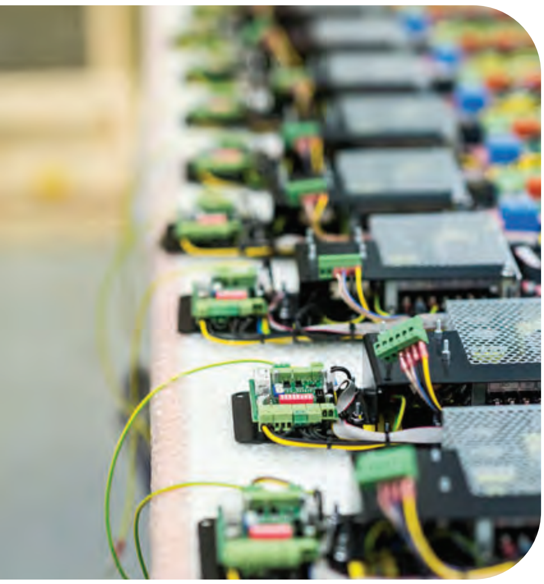
- **Major fleet-wide rollouts** – building on the previous success of the Journeo Portal, connections increase by 150% from 4,000 to 10,000 connected assets following major fleet-wide rollouts to Arriva UK Bus and First Bus UK, as part of the Company's largest ever framework agreement, valued at £9m.
- **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. The delivery will feature Journeo's new optically bonded displays and will be the first major rollout of the new RTIG CMS to PID industry-standard interface.
- **Largest ever software-only order secured** – valued at over £1.2m for two years' licencing, 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.
- **Development in our airport business and capabilities** – through £0.9m telematics order for deployment at Heathrow airport and £0.7m systems for Dublin airport
- **Commenced Mergers and Acquisition (M&A) work** – with successful £8m fundraising and placing (completed 17 January 2023).

Chief Technical Officer's report

"Low power, of course, continues to drive much of our development and we are looking at technologies that are set to bring substantial power savings for both on- and off-grid solutions."

Dr Andy Houghton
Chief Technical Officer

Over 2022 we witnessed an exponential growth in assets joining our Journeo Portal platform; by the end of December there were over 10,000 vehicles attached. Unsurprisingly, use of the system grew dramatically too; a key indicator of use is evidential video downloads, which now exceed 54,000.



It is so easy to request a video clip that, in marginal cases where previously cost and effort would have been prohibitive, there are no longer any barriers. This, of course, translates directly into a much better experience for our customers, including their return on investment.

The Journeo Portal system divides into three principal parts: data acquisition, data processing and data presentation. Being an open system, our customers may choose one or all of these elements in their solutions. We're seeing an increasing number of cases where customers with existing deep technical partnerships are joining the Journeo ecosystem to scale their solutions by leveraging our extensive infrastructure; this may be our substantial access to remote systems, our ability to ingest third-party data and turn around custom solutions, or the flexible way in which data can be presented, and all through a common look-and-feel interface. This is great for our customers because it extends the reach of our solutions into areas of expertise that are important to them and it is these hybrid solutions that will be a key growth driver in 2023.

The range of data types that we are now acquiring and processing is quite surprising, spanning particulate mapping in cities through vehicle and engine metrics and all the way to vegetation monitoring along railway corridors; to name just two. It is, of course, one thing to capture data and quite another to draw sensible inference from it.

Visualisation of data is a crucial part of generating actionable value from data but it is going to take investment in AI and machine learning to provide focus to that visualisation. During 2022 we looked at where we could usefully apply AI/ML techniques, bringing in external expertise to help steer the process. 2023 will be about putting this into practice and, while we do not underestimate the challenges, the rewards are substantial.

A significant, and long-aspired to, milestone was reached in 2022 and this was the realisation of our first product. Historically we have been project-focused and every project is different. This means it can be difficult to bring scale to the hardware components that we make because they all have variations. However, taking advantage of an RTIG initiative to standardise the control of real-time on-street displays, we went right back to the drawing board to create a new 21" display considering cost, manufacturability and functionality all at the same time, and the result is very impressive. Low power, of course, continues to drive much of our development and we are looking at technologies that are set to bring substantial power savings for both on- and off-grid solutions. For on-grid this means lower operational costs and potentially longer life time while, for off-grid, lower capital investment through smaller solar array and battery requirements.

Principal risks and mitigation

Risk or uncertainty and potential impact	Mitigation
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 are working from home and where on-site working 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.
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.	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. 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 invasion be 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.

Sustainability

In an increasingly urbanised world that is gradually emerging from the restrictions placed throughout the COVID-19 pandemic, members of society are rethinking their approach to travel and personal mobility. The global climate crisis and the UK Government's commitment to becoming a Carbon Net Zero economy by 2050 also remain pressing issues for the markets in which we operate.

Journeo is in the fortunate position of being able to drive positive change in the context of these challenges. Through the methods by which we conduct our business, the increasing digitisation of services, and in enabling our customers to access low and reduced-carbon technologies that promote the use of mass public transport, Journeo has the platform to encourage a shift towards safer, more efficient and cleaner transport technology solutions. In short, Journeo is well-placed to make a substantive difference to the communities and environments in which we live.

Progress on sustainability

In our last report, we provided an update on a strategic process that we are engaging in, in conjunction with external consultants, to interrogate our current approach to sustainability and Environmental, Social and Governance (ESG) practices and set stretching aspirations for what we can deliver in the medium and longer term.

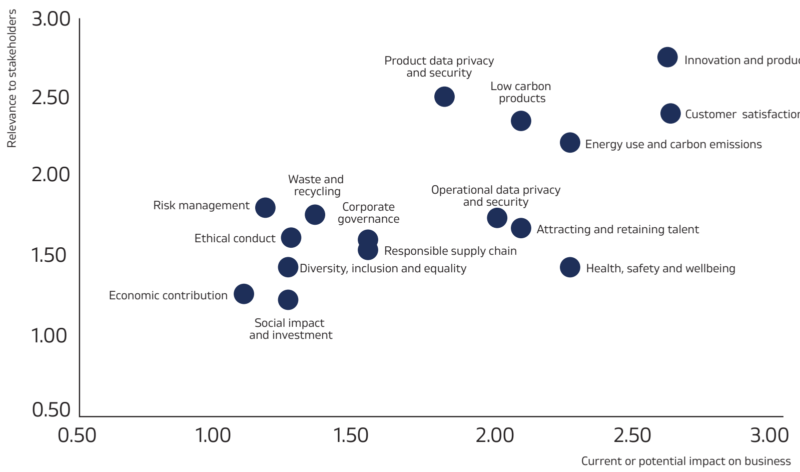
We have completed **phase 1** (Discovery – issue identification) and **phase 2** (Materiality assessment) of this process. Through these phases, we captured the issues important to our stakeholders:

There are clear linkages between the issues considered important by our stakeholders and Journeo's core strategic principles; for instance, 'Innovation and product responsibility' can easily be correlated with 'Technology leadership', with the case study opposite demonstrating a practical observation of this. The same applies to 'Customer satisfaction' and 'Customer bonding'; we are committed to high-service delivery and exceeding customer expectations.

Once we had identified core sustainability issues impacting our Group, we prioritised them and whilst none can be considered of 'low' importance, we made the strategic decision to focus on core themes around which Journeo could make a positive contribution and lead the conversation among our industry peers. We developed a framework of three tiers: issues on which to **lead**, issues to **manage** and deliver performance improvements and issues to **monitor**:

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

Journeo plc materiality matrix



Throughout 2022, we have progressed onto **phase 3**, the Baseline review. This phase is designed to build upon the foundations we have established and to formulate sustainability performance metrics that simultaneously recognise the size and scale of our business and the ambitions of our key stakeholders.

The baseline review is an ongoing activity. The task of reviewing our business management processes and procedures already in place will enable us to identify gaps and opportunities. As a result of this review, new workstreams are emerging that not only enhance our internal processes, they are increasing our environmental awareness and accountability and align with our evolving sustainability commitments. We are also identifying areas within which we need additional expertise and we will be leveraging external specialists to support us in our journey.

Next steps

We are aware that sustainability challenges are fluid and Journeo is continuing to engage in dialogue with our strategic partners to shape priorities over the years ahead. Journeo are not the only members of the transport community that are focusing on sustainability. Throughout 2022 we have been actively engaging with customers to assist them with their own Materiality and Sustainability assessments. Whilst this exercise has so far been limited to the larger transport fleet operators and local government organisations, there is a clear shift in approach surrounding sustainable solutions among all of our key stakeholders. We continue to support our customers with their goals and assist them to measure their Scope 3 carbon emissions; which are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain.

We are also beginning to collect and report on data related to key sustainability topics, such as Scope 1 and Scope 2 energy use and carbon emissions. We look forward to sharing our progress and our initial datasets within our Annual Report for year ended 31 December 2023.

Sustainability in practice: Optically bonded displays

Work to define the metrics by which Journeo will measure its sustainability progress is ongoing and we are building a framework that will enable us to drive Journeo forward into a leadership position within the industry. This does not, however, mean that we are waiting for those metrics to be in place before we create solutions that will support our customers in achieving their own sustainability goals.

Many of our operator, local authority and Transport Executive customers already have defined goals when it comes to carbon neutrality. It is well known that mass public transport is the cleanest form of travel (after non-powered, 'active travel' such as walking and cycling) due to its scope to improve propulsion technologies, as well as the volume of passengers transported and the congestion reduced by removing people from personal use cars on to trains and buses. As a result, the focus is now on switching to energy savings that can be captured with new technologies that are being deployed as part of transport infrastructure.

Throughout the course of 2022, Journeo has developed innovative solutions that deliver to our customers more than the enhanced level of functionality that they expect from us, but also provide greatly reduced power requirements over the lifecycle of the product. This has significant benefits in reducing energy consumption and driving more environmentally sound solutions. One such example of this was our new range of **optically bonded displays**.

These displays have been re-designed from the ground-up by our Research and Development teams with every component being reviewed for its power consumption and efficacy. Most current Thin Film Transistor Liquid Crystal Display (TFT LCD) real time information displays contain a void between the TFT LCD panel and the glass that protects the unit, whereas our new units have toughened glass optically bonded to the active TFT LCD panel, delivering a host of improvements:

- **Superior viewing experience** – bonding glass to the panel greatly reduces intra-panel reflection, enabling Journeo to deliver the same great sunlight readability and viewing benefits, at lower screen brightness levels, significantly reducing the power consumed.
- **More efficient heat dissipation** – displays that contain a void between the TFT LCD panel and the glass front trap heat, resulting in a need for energy hungry cooling systems. Bonded displays dissipate heat through the display panel itself, much the same as a smartphone, reducing the components and energy required.
- **Better moisture and dust protection** – the new displays can operate longer between engineering visits, creating a significant reduction in maintenance activities.
- **Improved durability** – optically bonded glass panels better absorb shock and so are less likely to shatter if assaulted, meaning that parts will last longer, improving the life expectancy of the unit.

In addition to this, all components have been reviewed for their energy usage. This intense design review has led to some significant energy savings for the display type.

"Product innovations like our optically bonded displays should set the conversation for power reduction in public transport infrastructure. Creating a sustainable environment should not be about raising the bar or pushing the envelope for what can be achieved, but about raising the floor for the minimum that should be accepted."

Dr Andy Houghton
Chief Technical Officer

Unit	Average KwH	Annual Max KwH	Annual Average KwH	Carbon $KGCO_{2e}$
32" Outdoor Display – 2021 model	0.13	1490.1894	1140	266
NEW 32" Optically Bonded Display	0.06	1016.83512	526	123

Or, to contextualise this into the number of displays across the length of the contract, you would have to plant more than 1,900 mature trees in the centre of Edinburgh in order to achieve the same carbon offset.

Governance

"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."

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.

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

Mark Johnson
Director of Fleet Systems

Tim Court
Managing Director – Infotec

Neil Scott
Chief Operating Officer - Infotec

Darren Maher
Group Development and Communications Director

Phil Harrison
Group Financial Controller

Kim Bradley
Group Projects Manager

Steve Kesterton
Group Operations Manager

Governance

Report on corporate governance

Summary

- The full Board met 12 times in 2022. All of the Directors of the Company at the time of the meetings were in attendance.
- The Audit Committee met with the Auditor once during the year.
- Several meetings of the Remuneration Committee were held during 2022.
- 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 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 36.

Attendance at meetings

The full Board met 12 times in 2022. All of the Directors of the Company at the time of the meetings were in attendance.

The Audit Committee

The Audit Committee comprises two Non-executive Directors: Mark Elliott, as Chairman, 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 two Non-executive Directors: James Cumming, as Chairman, and Mark Elliott. Several meetings of the Committee were held during 2022. 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 two Non-executive Directors: Mark Elliott, as Chairman, and James Cumming. 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 2022. 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 £1,158k (2021: £634k). As at 31 December 2022 the Group had net current assets of £1,798k (2021: £206k) and net cash reserves of £533k (2021: £1,096k).

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 2024 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 2022, the remuneration policy for Executive and Non-executive Directors and the determination of individual Executive Director's 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

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. The Directors retiring by rotation are Russ Singleton and Nick Lowe.

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 2022 £**	Total 2021 £
Executive						
R C Singleton	180,250	40,000	12,184	—	**232,434**	216,092
N Lowe	133,624	30,000	1,086	12,145	**176,855**	150,664
Non-Executive						
M W Elliott	72,100	—	—	—	**72,100**	70,000
J Cumming	36,050	—	—	—	**36,050**	35,000
	422,024	70,000	13,270	12,145	**517,439**	471,756

Share options

At 31 December 2022, 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 2022.

Principal activities

The principal activities of the Group are set out within the Strategic Report on page pages 14 to 33.

Review of business and future developments

The consolidated statement of comprehensive income for the year ended 31 December 2022 is set out on page 52.

A review of the Group's business activities and its future developments is included in the Strategic Report on pages 14 to 33 and the Chairman's statement on pages 10 to 13.

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
- EPS 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 31.

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. In addition, we have credit insurance in place on the majority of 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 2022, the Group had net cash at bank of £533k (2021: £1,096k). The Group's policy is to ensure that sufficient resources are available to service all debt by monitoring prudent cash flow forecasts.

During January 2023 the 2016 Loan Notes and 2018 Loan Notes were repaid.

Foreign currency risk

Several components used in Fleet Systems are sourced from overseas suppliers who invoice in US Dollars and Euros. In addition, our operations in Europe generate transactions denominated in Euros 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 13.

Going concern

The financial statements have been prepared on a going concern basis as covered in the Report on Corporate Governance on pages 38 to 39.

Results and dividend

The Group reports a profit of £0.9m for the year (2021: £0.4m). At the forthcoming AGM, the Directors are not recommending the payment of a dividend (2021: £nil).

Directors

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on page 36.

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 2022	31 December 2021
M W Elliott	**100,000**	100,000
R C Singleton	**300,000**	300,000
N Lowe	**15,000**	15,000
J Cumming	**25,000**	25,000

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 14 to 33, the Directors' report on pages 42 to 44 and the Corporate governance statement on pages 38 and 39 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 Group and Parent 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 Group 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

28 March 2023

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 2022 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 the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 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 2022 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 100% of consolidated revenues and 99% of consolidated profit after tax. Entities subject to review-scope audit procedures made up 0% of the consolidated revenue and 1% of consolidated loss 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.

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 the Passenger Systems Cash Generating Unit. The 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.

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 £422,000. 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 2% 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 £98,000 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. Materiality represents 2% of net assets as presented on the face of the parent company's Statement of Financial Position.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 44, 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; 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

Chartered Accountants and
Statutory Auditor

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

Date: 28 March 2023

Governance

Financial Statements

"The Group continues to deliver increased EPS for shareholders and we are well positioned, entering 2023 to deliver enhanced revenue and profit, both through our existing business and the new acquisition."

Nick Lowe
Chief Financial Officer

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	3, 4	**21,123**	15,592
Cost of sales		**(13,354)**	(9,569)
Gross profit	4	**7,769**	6,023
Underlying administrative expenses		**(6,730)**	(5,557)
Other income		**119**	168
Underlying profit		**1,158**	634
Share-based payments		**(45)**	(49)
Total administrative expenses and other income		**(6,656)**	(5,438)
Operating profit		**1,113**	585
Finance expense	6	**(207)**	(176)
Profit before taxation	7	**906**	409
Taxation charge	8	**(3)**	(2)
Profit for the year being total comprehensive income attributable to owners of the parent		**903**	407
Profit per share	9		
Basic		**10.33p**	4.65p
Diluted		**9.80p**	4.46p

The notes on pages 56 to 78 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2021	6,250	1,174	(6,680)	744
Profit and total comprehensive income for the year	—	—	407	407
Share-based payments	—	—	49	49
Balance at 31 December 2021	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**

The notes on pages 56 to 78 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2022

	Notes	2022 £'000	2021 As restated £'000
Assets			
Non-current assets			
Goodwill	10	**1,345**	1,345
Other intangible assets	11	**1,300**	1,166
Property, plant and equipment	12	**504**	565
Trade and other receivables	15	**41**	43
		3,190	3,119
Current assets			
Inventories	14	**3,455**	1,609
Trade and other receivables	15	**8,130**	5,047
Cash and cash equivalents	16	**533**	1,096
		12,118	7,752
Total assets		**15,308**	10,871
Equity and liabilities			
Shareholders' equity			
Share capital	22	**6,250**	6,250
Share premium account		**1,174**	1,174
Retained earnings		**(5,276)**	(6,224)
Total equity		**2,148**	1,200
Non-current liabilities			
Deferred revenue	17	**2,304**	947
Loans and borrowings	19	**40**	604
Lease liabilities		**225**	261
Provisions	20	**271**	313
		2,840	2,125
Current liabilities			
Trade and other payables	17	**5,796**	3,499
Deferred revenue	17	**1,552**	2,524
Loans and borrowings	19	**2,616**	1,175
Lease liabilities		**121**	121
Provisions	20	**235**	227
		10,320	7,546
Total equity and liabilities		**15,308**	10,871

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2023 and were signed on its behalf by:

M W Elliott
Non-executive Chairman

R C Singleton
Chief Executive

Registered number: 2974642

The notes on pages 56 to 78 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Net cash flows from operating activities	13	**(587)**	2
Cash flows from investing activities			
Purchases of property, plant and equipment		**(58)**	(165)
Purchases/generation of intangible assets		**(628)**	(460)
Net cash flows from investing activities		**(686)**	(625)
Cash flows from financing activities			
Cash flows from financing activities		**891**	642
Principal element of lease repayments		**(170)**	(148)
Repayment of loans		**(15)**	(22)
Net cash flows from financing activities		**706**	472
Net decrease in cash and cash equivalents		**(567)**	(151)
Cash and cash equivalents at beginning of year		**1,096**	1,254
Effect of foreign exchange rate changes		**4**	(7)
Cash and cash equivalents at end of year		**533**	1,096

The notes on pages 56 to 78 form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2022

1. General information

Journeo plc is a public limited company incorporated in England and listed on AIM. Its principal trading subsidiaries are Journeo Fleet Systems Limited (formerly known as 21st Century Fleet Systems Limited) and Journeo Passenger Systems Limited (formerly known as 21st Century Passenger Systems Limited), and 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 14 to 33.

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 79 to 80.

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.

Standards and interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS Practice Statement 2 Making Materiality Judgements;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Amendments to IAS 12 Income Taxes.

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 2022 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.

Prior Year restatement

The directors have revised their calculation of other debtors and deferred income. Amounts of £884,494 have been netted off between other debtors and deferred income. This has had no impact on profit, net assets or net current assets for the prior year.

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	68 months
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 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 2027.

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 2027.

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. The customer lists were fully amortised by 30 April 2020.

Inventories
Inventory is stated at the lower of cost and net realisable value. 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 the 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 £903k (2021: £634k). As at 31 December 2022 the Group had net current assets of £1,798k (2021: £206k) and net cash reserves of £533k (2021: £1,096k).

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 2024 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:

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

(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.

(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 vehicle 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:

	2022 £'000	2021 £'000
Goods	**15,621**	10,615
Services	**5,502**	4,977
	21,123	15,592
Contract works included in goods	**7,599**	5,520

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 2022 £'000	Gross profit 2022 £'000	Revenue 2021 £'000	Gross profit 2021 £'000
Fleet Systems	**12,494**	**3,711**	9,290	2,919
Passenger Systems	**8,629**	**4,058**	6,302	3,104
Total	**21,123**	**7,769**	15,592	6,023

Major customers

In the year, one customer within the Fleet Systems segment accounted for over 16% of Group revenue and no customers within the Passenger Systems segment. In the prior year, there was one Fleet Systems customer that accounted for over 10% of revenue at 10% and no major customers within the Fleet Systems segment.

Underlying profit

	2022 £'000	2021 £'000
Fleet Systems	**690**	698
Passenger Systems	**740**	339
	1,430	1,037
Central	**(272)**	(403)
Underlying profit	**1,158**	634

4. Segmental reporting CONTINUED

Reconciling to profit/(loss) before interest and tax

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

2021	Underlying operating profit/(loss) £'000	Share-based payments £'000	Operating profit/(loss) £'000	Profit/(loss) before interest and tax £'000
Fleet Systems	698	(24)	674	674
Passenger Systems	339	(25)	314	314
	1,037	(49)	988	988
Central	(403)	—	(403)	(403)
	634	(49)	585	585

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 2022 £'000	Liabilities 2022 £'000	Net assets 2022 £'000	Assets 2021 £'000	Liabilities 2021 £'000	Net assets 2021 £'000
Fleet Systems	8,134	(3,627)	4,507	5,193	(3,216)	1,977
Passenger Systems	5,156	(6,744)	(1,588)	4,109	(5,449)	(1,340)
	13,290	(10,371)	2,919	9,302	(8,665)	637
Goodwill	1,345	—	1,345	1,345	—	1,345
Cash and borrowings	533	(2,656)	(2,123)	1,096	(1,779)	(683)
Unallocated	139	(134)	5	12	(111)	(99)
Total	15,307	(13,161)	2,146	11,755	(10,555)	1,200

Geographical segments

	Revenue 2022 £'000	Gross profit 2022 £'000	Revenue 2021 £'000	Gross profit 2021 £'000
UK	20,538	7,316	15,070	5,602
International				
– Scandinavia	458		457	
– Other EU	38		43	
– Non-EU	89		22	
Total international	585	453	522	421
Total	21,123	7,769	15,592	6,023

4. Segmental reporting CONTINUED

Assets and liabilities by location

	2022 £'000	2021 £'000
Assets		
UK	**14,662**	11,720
International	**12**	35
Total assets	**14,674**	11,755
Liabilities		
UK	**(12,508)**	(10,532)
International	**(19)**	(23)
Total liabilities	**(12,527)**	(10,555)

All non-current assets are located within the United Kingdom.

5. Employee information

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

	2022 Number	2021 Number
By activity:		
Administration	**27**	24
Technical	**17**	13
Operations	**62**	59
	106	96

Staff costs (for the above persons)

	2022 £'000	2021 £'000
Wages and salaries	**4,810**	4,016
Social security costs	**583**	482
Pension costs	**119**	102
Share-based payments	**45**	49
	5,557	4,649

Key management compensation (included above)

	2022 £'000	2021 £'000
Wages and salaries	**917**	851
Social security costs	**111**	96
Pension costs	**31**	24
Share-based payments	**45**	49
	1,104	1,020

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 41 are:

	Emoluments		Pension contributions	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Total Directors	**517**	457	**12**	15
Highest paid Director	**232**	213	**—**	3

There is one (2021: two) Director receiving payments into pension schemes. Directors' detailed emoluments are disclosed in the Report on Directors' Remuneration.

6. Finance expense

	2022 £'000	2021 £'000
Interest payable on loans	**179**	144
IFRS 16 interest	**28**	32
	207	176

7. Profit before taxation

This is stated after charging/(crediting):

	2022 £'000	2021 £'000
Operating lease rentals:		
– Rent of land and buildings	**67**	72
– Hire of plant and equipment	**177**	132
Depreciation:		
– Property, plant and equipment owned	**75**	71
– Right-of-use assets	**148**	147
Amortisation of intangible fixed assets (included within administrative expenses)	**494**	438
Research and Development expenditure	**320**	325
Inventories – consumed and recognised as an expense in cost of sales	**8,281**	5,321
Trade Receivables Impairment	**3**	(1)
Write down of inventories	**139**	24
Exchange differences	**69**	30
Share-based payments charge	**45**	49

Profit before taxation is also stated after charging:

	2022 £'000	2021 £'000
Auditor's remuneration:		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	**3**	3
Fees payable to the Company's Auditor for the audit of the Company's subsidiaries pursuant to legislation	**57**	48
Fees payable to the Company's Auditor for non-audit related services	**22**	20
Additional fees payable to the Company's Auditor for the prior year audit pursuant to legislation	**—**	4
Total audit fees	**60**	55

8. Taxation

(a) Analysis of charge in year

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on the profit for the year (19%)	**—**	—
Swedish corporation tax on the profit for the year (22%)	**3**	—
Prior year under provision	**—**	2
Total tax charge for the year	**3**	2

(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 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before tax	**906**	409
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**172**	78
Effects of:		
Expenses not deductible for tax purposes	**(150)**	(139)
Change in unrecognised deferred tax assets	**4**	93
Income not taxable	**(23)**	(32)
Prior year under provision	**—**	2
Total tax charge for the year	**3**	2

(c) Deferred tax asset / (liability)

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

	Unrecognised		Recognised	
Group	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Tax losses	**724**	1,116	**—**	—
Accelerated capital allowances	**(94)**	(91)	**—**	—
	630	1,025	**—**	—

The Group has £3,813,000 of unutilised tax losses (2021: £4,466,000) which may be carried forward indefinitely. On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

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.

	2022		2021	
Group	**Profit £'000**	**Per share amount Pence**	Profit £'000	Per share amount Pence
Basic EPS				
Profit attributable to Ordinary Shareholders	**903**	**10.33p**	407	4.65p
Diluted EPS				
Profit attributable to Ordinary Shareholders	**903**	**9.80p**	407	4.46p

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

	2022 '000	2021 '000
Basic weighted average number of shares	**8,741**	8,741
Dilutive potential Ordinary Shares	**470**	370
Diluted weighted average number of shares	**9,211**	9,111

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 two CGUs which are its two operating segments, Fleet Systems and Passenger Systems. The carrying amount of goodwill has been allocated to the CGUs as follows:

	Passenger Systems £'000	Total £'000
Deemed cost:		
At 1 January 2020	1,345	1,345
At 31 December 2021	1,345	1,345
At 31 December 2022	**1,345**	**1,345**

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:

	2022 %	2021 %
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 also has intangible assets, see note 11, which are considered in the same value-in-use calculations as goodwill.

The Passenger Systems 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. The 2023 forecast predicts sales growth of 4%. The remaining four years are based upon compound sales growth of 5%.

The value-in-use calculation supports the carrying value of the CGU with headroom of £7,301k. 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 2023 of 10% would result in headroom remaining in the current carrying value of goodwill in relation to Passenger Systems of £4,385k. If sales forecasts were down 20% across the whole period and overheads remained unchanged then there would be headroom of £1,468k.

Based on the review the discount rate applied to equate the net present value of the forecast cash flows to the carrying value of goodwill and the intangible assets was 77%, whereas the required rate of return of the CGU is 13%.

In view of this, the Directors consider that no impairment of goodwill or intangible assets is required.

11. Other intangible assets

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**

11. Other intangible assets CONTINUED

2021 movements	Customer list £'000	Development costs £'000	Software £'000	Total £'000
Cost				
At 1 January 2021	192	2,129	273	2,594
Additions	—	442	18	460
Disposals	(192)	(135)	—	(327)
At 31 December 2021	—	2,436	291	2,727
Amortisation				
At 1 January 2021	192	1,076	182	1,450
Charge for the year	—	422	16	438
Disposals	(192)	(135)	—	(327)
At 31 December 2021	—	1,363	198	1,561
Net book value				
At 31 December 2020	—	1,073	93	1,166

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. Plant and equipment

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)
Charge for the year				
Disposals	—	(19)	(49)	(68)
At 31 December 2022	**13**	**497**	**301**	**811**
Net book amounts				
At 31 December 2022	**3**	**346**	**155**	**504**

12. Plant and equipment CONTINUED

2021 movements	Leasehold improvements £'000	Right of Use Asset Lease £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2021	12	750	321	1,083
Additions	—	23	142	165
Disposals	—	(19)	(49)	(68)
At 31 December 2021	12	754	414	1,180
Depreciation				
At 1 January 2021	9	237	219	465
Charge for the year	3	147	68	218
Disposals	—	(19)	(49)	(68)
At 31 December 2021	12	365	238	615
Net book amounts				
At 31 December 2021	—	389	176	565

At 31 December 2022, the Plant and equipment include items with a carrying value of £54k pledged as security for loans included in note 19.

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

	2022 £'000	2021 As restated £'000
Profit for the year	**903**	407
Adjustments for:		
– Finance expense	**207**	176
– Depreciation of property, plant and equipment	**224**	218
– Amortisation of intangible fixed assets	**494**	438
– Share-based payment expense	**45**	49
– Foreign exchange rate	**—**	(15)
– (Decrease) / increase in provisions	**(34)**	79
Operating cash flows before movement in working capital	**1,839**	1,352
(Increase) / decrease in inventories	**(1,846)**	66
Increase in receivables	**(1,564)**	(840)
Increase in payables	**1,166**	1,334
Cash (outflow) / inflow from operations	**(405)**	144
Income taxes paid	**(3)**	(2)
Interest paid	**(179)**	(140)
Net cash (outflow) / inflow from operating activities	**(587)**	2

14. Inventories

	2022 £'000	2021 £'000
Raw materials	**731**	444
Work in progress	**258**	19
Finished goods and goods for resale	**2,466**	1,146
	3,455	1,609

15. Trade and other receivables

	2022 £'000	2021 As restated £'000
Current		
Trade receivables	**4,677**	3,135
Less: provision for impairment of receivables	**(12)**	(12)
Trade receivables – net	**4,665**	3,123
Amounts due from contract customers	**2,739**	1,345
Other receivables and prepayments	**726**	579
	8,130	5,047
Non-current		
Other receivables and prepayments	**41**	43

The average credit period taken on sales of goods is 48 days (2021: 43 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	
	2022 £'000	2021 £'000
Customer 1	**1,467**	1,127
Customer 2	**658**	251
Customer 3	**333**	—
Customer 4	**268**	—
Customer 5	**156**	—

Included in the Group's trade receivable balance are debtors with a carrying amount of £599,000 (2021: £540,000) 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 93 days (2021: 56 days).

Ageing of past due but not impaired trade receivables:

	2022 £'000	2021 £'000
Up to three months past due	**455**	495
Three to six months past due	**59**	42
Six months past due	**45**	3
	599	540

Movement in the provision for impairment of trade receivables:

	2022 £'000	2021 £'000
Balance at 1 January	**12**	22
Provision released	**—**	(10)
Balance at 31 December	**12**	12

Ageing of impaired trade receivables:

	2022 £'000	2021 £'000
60–90 days	**—**	—
Over 90 days	**12**	12
	12	12

The trade and other receivables are used as security for the loan notes as set out in note 19.

16. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	**533**	1,096

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

17. Trade and other payables

	2022 £'000	2021 As restated £'000
Current		
Trade payables	**2,359**	1,347
Other taxation and social security	**618**	863
Other payables	**7**	2
Accruals	**2,181**	1,287
Deferred income relating to contracts	**1,096**	1,554
Deferred income	**1,087**	970
	7,348	6,023
Non-current		
Deferred income	**2,304**	947
	2,304	947

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 39 days (2021: 37 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. Contract accounting

	2022 £'000	2021 £'000
Contracts in progress at dates of statement of financial position:		
Amounts due from contract customers included in trade and other receivables	**2,739**	1,406
Amounts due to contract customers included in trade and other payables	**(1,096)**	(1,492)
	1,643	(86)
Contract costs incurred plus recognised profit less recognised losses to date	**8,619**	7,007
Less: progress billings	**(6,976)**	(7,093)
	1,643	(86)

At 31 December 2022, retentions held by customers for contract work amounted to £1,000 (2021: £5,000). Advances received from customers for contract work amounted to £1,096,000 (2021: £1,554,000).

At 31 December 2022, amounts of £nil (2021: £nil) included in trade and other receivables and arising from contracts are due for settlement after more than 12 months.

19. Loans and borrowings

	2022			2021		
	Current £'000	**Non-current £'000**	**Total £'000**	Current £'000	Non-current £'000	Total £'000
Bank loans	**2,066**	**40**	**2,106**	1,175	54	1,229
2016 Loan Notes	**300**	**—**	**300**	—	300	300
2018 Loan Notes	**250**	**—**	**250**	—	250	250
	2,616	**40**	**2,656**	1,175	604	1,779

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

During the year £15,000 (2021: £22,000) of loans and borrowings were repaid.

The main terms of the loans are:

	Loan name	Interest rate	Term	Final payment	Loan value
Close Brothers	Invoice finance	2.35% over base	Repayable on demand		2,053
BMW Finance	BMW	2.2%	3 years	December 2025	53
2016 Loan Notes	Loan notes	10.00%	7.1 years	January 2023	300
2018 Loan Notes	Loan notes	10.00%	5.1 years	January 2023	250
					2,656

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 the Group's principal trading entities, Journeo Fleet Systems Limited and Journeo Passenger Systems Limited.

At 31 December 2022, Plant and equipment with a carrying value of £54k (2021: £68k) are pledged as security for loans.

20. Warranty provisions

	Warranty £'000	Total £'000
Balance at 1 January 2022	540	540
Charged	333	333
Released	(367)	(367)
Movement in the year	(34)	(34)
Balance at 31 December 2022	**506**	**506**
Included in current liabilities	235	235
Included in non-current liabilities	271	271

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 2027.

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.

21. Financial instruments CONTINUED

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 debt (excluding lease liabilities) was £2,123k at 31 December 2022 (2021: net debt £683,000). Net 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.

Categories of financial instruments

	Carrying value	
	2022 £'000	2021 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents):		
Trade receivables	**4,665**	3,123
Other receivables	**726**	1,463
Cash and cash equivalents	**533**	1,096
	5,924	5,682
Financial liabilities		
Other financial liabilities held at amortised cost:		
Trade payables	**2,359**	1,347
Other payables	**7**	6
IFRS16 leases	**346**	382
Accruals	**2,181**	1,287
Loans and borrowings	**2,656**	1,779
	7,549	4,801

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Swedish Krona	**138**	116	**14**	22
Euro	**59**	16	**544**	150
US Dollar	**20**	—	**—**	72

At the year end the Group was exposed to fluctuations in Swedish Krona, Euros 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.

	2022 £'000	2021 £'000
Swedish Krona (loss)	**(12)**	(9)
Euro profit	**49**	13
US Dollar (loss)	**(2)**	(14)

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 2022, the Group had £nil overdraft facility (2021: £nil). As at 31 December 2022, the net bank balance, cash less overdraft, was £533k (2021: £1,096k).

At 31 December 2022, the Group has £550k (2021: £550k) of loan notes and an invoice discounting facility with Close Brothers for £2,750k (2021: £1,250k).

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.

	2022 £'000	2021 £'000
In one year or less	**5,599**	3,390
In one to two years	**40**	604

22. Share capital

Called up share capital

	2022 £'000	2021 £'000
Authorised		
8,741,250 New Ordinary Shares of 6.5p each (2021: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2021: 87,412,500)	**5,682**	5,682
	6,250	6,250
Issued, allotted and paid up		
8,741,250 New Ordinary Shares of 6.5p each (2021: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2021: 8,741,250)	**5,682**	5,682
	6,250	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.

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:

	2022		2021	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**1,074,135**	**69p**	949,135	65p
Issued during the year	**—**	**—**	125,000	105p
Outstanding at end of year	**1,074,135**	**69p**	1,074,135	69p
Exercisable at end of year	**1,074,135**	**69p**	1,074,135	69p

The aggregate charge recognised in the Group financial statements in the year was £45,000 (2021: £49,000), 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 2021	Issued during the year	**As at 31 December 2022**	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 138p (2021: 107.5p) and the range of market prices during the year was 99p to 138p (2021: 49p to 137p). The weighted average remaining life of all share options outstanding at 31 December 2022 is 5 years and 9 months (31 December 2021: 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	10/10/2013	104	5.62	5	3	10	144%	2.74%
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 2021 & 2022	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 the 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 2022, the Group had total commitments under non-cancellable operating leases not accounted for under IFRS16 as follows:

	2022 £'000	2021 £'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.

There are no other related party transactions.

Subsidiaries

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

25. Post balance sheet events

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 18 January 2023 Journeo plc acquired 100% of the share capital of IGL Limited. IGL Limited owns 100% of the share capital of Infotec Limited and Infotec Holdings Limited. Infotec Limited is a company providing innovative display solutions. Infotec Holdings Limited is a dormant company.

Due to the short timeframe between completion of the acquisition and approval of these financial statements, it was not possible to reliably estimate the fair values of assets and liabilities or the goodwill associated with the acquisition.

Company statement of financial position

at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	3	**2**	3
Investment in subsidiaries	4	**6,958**	6,958
		6,960	6,961
Current assets			
Other debtors		**139**	10
Cash and cash equivalents		**1**	1
		140	11
Total assets		**7,100**	6,972
Equity and Liabilities			
Shareholders' equity			
Share capital	8	**6,250**	6,250
Share premium account		**1,174**	1,174
Merger reserve		**1,001**	1,001
Retained earnings		**(3,530)**	(3,248)
Shareholders' funds		**4,895**	5,177
Non-current liabilities			
Loans and borrowings	6	**—**	550
		—	550
Current liabilities			
Amounts owed to Group undertakings	5	**1,523**	1,134
Other creditors and accruals		**132**	111
Loans and borrowings	6	**550**	—
		2,205	1,245
Total equity and liabilities		**7,100**	6,972

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2023 and were signed on its behalf by:

M W Elliott
Non-executive Chairman

R C Singleton
Chief Executive

Registered number: 2974642

The notes on pages 81 to 87 form part of these parent company financial statements.

Financial Statements

Company statement of changes in equity

for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Merger reserve £'000	(Restated) Retained earnings £'000	(Restated) Total equity shareholders' funds £'000
Balance at 1 January 2021	6,250	1,174	1,001	(2,989)	5,436
Loss and total comprehensive income for the year	—	—	—	(308)	(308)
Share-based payments	—	—	—	49	49
Balance at 31 December 2021	6,250	1,174	1,001	(3,248)	5,177
Loss and total comprehensive income 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**

The notes on pages 81 to 87 form part of these parent company financial statements.

Notes to the Company financial statements

for the year ended 31 December 2022

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 results and financial position of the Company are expressed in Sterling (£). The numbers in the financial statements are rounded in £'000 for presentation purposes.

This Company is included in the consolidated financial statements of Journeo plc for the year ended 31 December 2022. 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.

(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. A discount rate of 14% 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.

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 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 £903k (2021: £634k). As at 31 December 2022 the Group had net current assets of £1,798k (2021: £206k) and net cash reserves of £533k (2021: £1,096k).

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 2024 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 2022 of £327,000 (2021: loss of £308,000).

The Company has an unrecognised deferred tax asset of:

	2022 £'000	2021 £'000
Tax losses	**612**	405

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

2022 movements	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2022	12	15	27
Disposals	—	(9)	(9)
At 31 December 2022	**12**	**6**	**18**
Depreciation			
At 1 January 2022	12	12	24
Disposals	—	(9)	(9)
Charge for the year	—	1	1
At 31 December 2022	**12**	**4**	**16**
Net book amounts			
At 31 December 2022	**—**	**2**	**2**
At 31 December 2021	—	3	3

4. Investments in subsidiaries

	Interests in Group undertakings	
	2022 £'000	2021 £'000
Cost		
At 1 January	**27,367**	27,367
At 31 December	**27,367**	27,367
Amounts provided		
At 1 January	**(20,409)**	(20,409)
At 31 December	**(20,409)**	(20,409)
Net book amounts	**6,958**	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 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:

	2022 %	2021 %
Fleet Systems	**14**	14
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 Passenger Systems cash flow projections are described in detail in note 10 to the Group Accounts. The value-in-use calculation supports the carrying value of the CGU with headroom of £7,301k. The sensitivity analysis based on a reduction in the sales forecast in 2023 of 10% produced headroom of £4,385k.

The Fleet Systems cash flow projections are based upon assumptions of sales, margins and cost bases. Of these assumptions the calculation is most sensitive to the level of sales. Margins are fixed in the forecast and 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 calculations do not include cash flows from restructurings to which the Group is not yet committed.

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 sales levels in 2023 are supported by long-term framework agreements with key customers, actual performance in 2022 and a strong order book going forward, 2023 represents a 20% increase and the next three years are based upon compound sales growth of 5%. This calculation produces a net present value for the CGU of £10,953k.

A sensitivity analysis has been performed on the Fleet Systems calculation. The Directors consider that an absolute change in the key sales assumption is possible and a reduction in the sales forecast of 10% would result in a £3,816k reduction in the value-in-use of the CGU.

Combining the net assets of the Group with the net present value of the cash flow projections of Fleet Systems and Passenger Systems produces an estimated investment value-in-use of £8,282k for Journeo Fleet Systems Ltd. This 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 2022 are as follows:

Name of undertaking	Nature of business	Country of incorporation
Direct subsidiaries		
Journeo Fleet Systems Limited (formerly known as 21st Century Fleet Systems Limited)	Sale and installation of CCTV and other monitoring devices	UK
21st C. Scandinavia 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 (formerly known as Laserline (UK) Limited)	Dormant	UK
Linefit Engineering Limited	Dormant	UK
Second Base Systems Limited	Dormant	UK
21st Century Passenger Systems Limited (formerly known as Secure Microsystems 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 (formerly known as 21st Century Passenger Systems Limited)	Sale, manufacture and installation of passenger systems	UK
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.

21st C. Scandinavia AB registered office is at Varuvägen 9, 125 30 Älvsjö, Sverige.

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5. Amounts owed to Group undertakings

The amounts owed to Group undertakings are repayable upon demand.

6. Loans and borrowings

	2022			2021		
	Current £'000	**Non-current £'000**	**Total £'000**	Current £'000	Non-current £'000	Total £'000
Loan Notes 2016	**300**	**—**	**300**	—	300	300
Loan Notes 2018	**250**	**—**	**250**	—	250	250
	550	**—**	**550**	—	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 are:

	Loan name	Interest rate %	Term	Final payment	Loan value £'000
Loan Notes 2016	Loan notes	10.00	7.1 years	January 2023	300
Loan Notes 2018	Loan notes	10.00	5.1 years	January 2023	250

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 (formerly known as 21st Century Fleet Systems Limited) and Journeo Passenger Systems Limited (formerly known as 21st Century 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 2022 and 31 December 2021.

8. Share capital

Called up share capital

	2022 £'000	2021 £'000
Authorised		
8,741,250 New Ordinary Shares of 6.5p each (2021: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2021: 87,412,500)	**5,682**	5,682
	6,250	6,250
Issued, allotted and paid up		
8,741,250 New Ordinary Shares of 6.5p each (2021: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2021: 8,741,250)	**5,682**	5,682
	6,250	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.

9. Post balance sheet events

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 18 January 2023 Journeo plc acquired 100% of the share capital of IGL Limited. IGL Limited owns 100% of the share capital of Infotec Limited and Infotec Holdings Limited. Infotec Limited is a company providing innovative display solutions. Infotec Holdings Limited is a dormant company.

Due to the short timeframe between completion of the acquisition and approval of these financial statements, it was not possible to reliably estimate the fair values of assets and liabilities or the goodwill associated with the acquisition.

Corporate information

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Non-executive Director
J Cumming
B Kent

Executive Directors
R C Singleton
N Lowe

Company Secretary
N Lowe

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