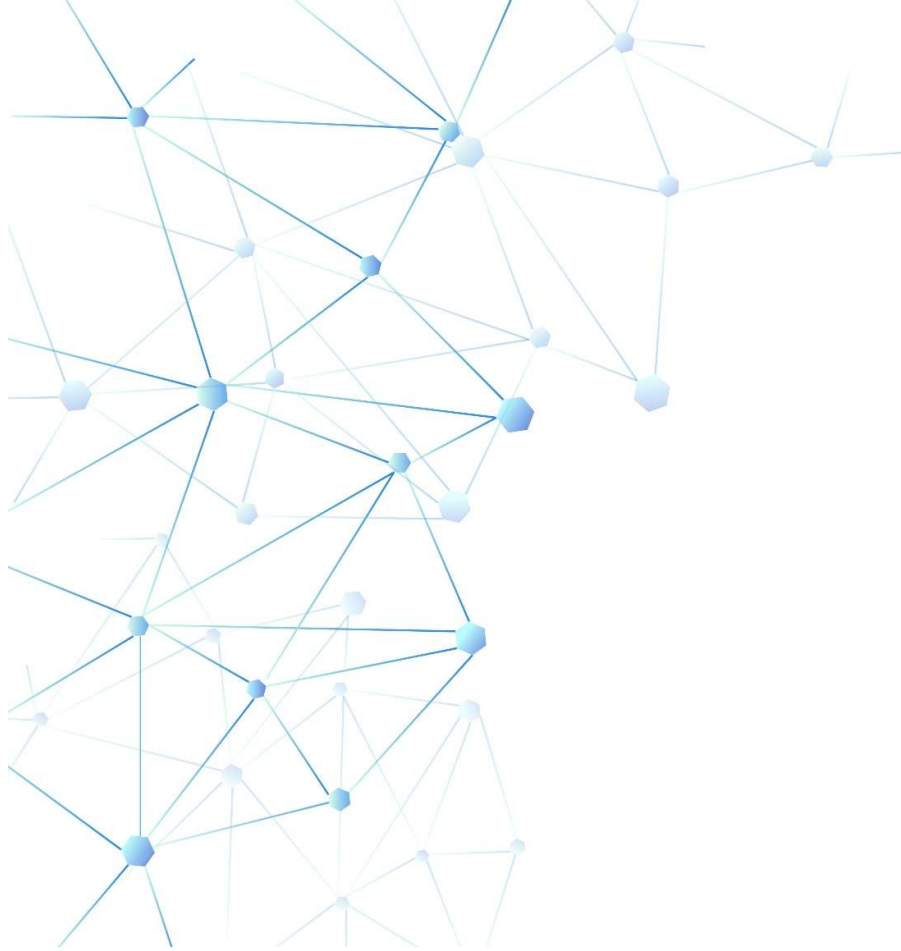




# Annual Report & Audited Financial Statements

SRJ Technologies Group Plc

ARBN 642 229 856

31 December 2023





|                                                      |       |
|------------------------------------------------------|-------|
| Chairman's Statement .....                           | 1     |
| Company Information .....                            | 2     |
| Directors' Report .....                              | 3-13  |
| ASX Additional Information .....                     | 14-15 |
| Statement of Directors Responsibilities.....         | 16    |
| Independent Auditors' Report .....                   | 17-21 |
| Consolidated Statement of Comprehensive Income.....  | 22    |
| Consolidated Statement of Financial Position .....   | 23    |
| Consolidated Statement of Changes in Equity.....     | 24    |
| Consolidated Statement of Cash Flows .....           | 25    |
| Notes to the Consolidated Financial Statements ..... | 26-41 |

## SRJ Technologies Group Plc

### Chairman's Statement

Dear Shareholder,

It is my pleasure to present the 2023 Annual Report for SRJ Technologies Group plc (SRJ or the Company) as we reflect on the achievements over the past 12 month, a year of significant progress and strategic development of our Company.

The year has seen SRJ undergo a transformative period, supported by a reset of our capital structure. We have taken deliberate steps to strengthen our financial foundation, positioning the company for sustainable growth and long-term success. This reset comes after a challenging couple of years where our focus was necessarily on recovery and rebuilding. This year's efforts have now provided us with the flexibility to pursue strategic initiatives and enhancing shareholder value.

I am pleased to report that in parallel with this restructuring, SRJ has delivered healthy revenue growth, underscored by robust performance across our client offerings. Our commitment to excellence and innovation has enabled us to forge strong partnerships with blue chip clients, further solidifying our position as a trusted industry operator and that will drive sales growth.

In 2024, we will maintain focus on driving value creation and sustainable growth, through a strategy the details of which we recently announced that encompasses targeted market expansion and operational efficiency enhancements. By leveraging our technological expertise and market insights, we are poised to capitalise on emerging opportunities in the operational integrity space.

During the recent challenging years, our staff have laid a solid foundation for future success. I thank them on behalf of the board for their commitment and energy. The circumstances have also required great patience on the part of our investors; my board colleagues and I are confident that we can continue to build on our enhanced platform, to generate the sustainable revenue growth that is now your reasonable expectation.

Yours sincerely,



Chairman  
SRJ Technologies Group Plc



# SRJ Technologies Group Plc

## Directors' Report

For the year ended 31 December 2023

|                                           |                                                                                                                                            |                                                                                                                                                           |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>                          | Alexander Wood<br>Robin Pinchbeck<br>Roger Smith<br>Grant Mooney                                                                           | (appointed 15 January 2023)<br>(resigned 14 January 2023)                                                                                                 |
| <b>Company Secretary</b>                  | Benjamin Donovan                                                                                                                           |                                                                                                                                                           |
| <b>Registered Number</b>                  | 115590                                                                                                                                     |                                                                                                                                                           |
| <b>Registered Office</b><br><i>Jersey</i> | Le Quai House<br>Le Quai d'Auvergne<br>St Helier<br>Jersey, JE2 3TN<br>Telephone: +(44) 01534 626818                                       |                                                                                                                                                           |
| <i>Australia</i>                          | c/- Argus Corporate Partners Pty Limited<br>Level 4, 225 St Georges Terrace<br>Perth, WA 6000, Australia<br>Telephone: +(61) 08 6162 6199  |                                                                                                                                                           |
| <b>Registry</b>                           | Computershare Investor Services Pty Limited<br>Level 17, 221 St Georges Tce<br>Perth,<br>WA 6000, Australia<br>Telephone: +61 08 9323 2000 | Computershare Investor Services (Jersey) Limited<br>13 Castle Street,<br>St Helier, Jersey,<br>Channel Islands JE1 1ES<br>Telephone: +44 (0) 1534 281 800 |
| <b>Independent Auditor</b>                | Grant Thornton<br>Kensington Chambers<br>46/50 Kensington Place<br>St Helier<br>Jersey JE1 1ET                                             |                                                                                                                                                           |
| <b>Accountants</b>                        | Bracken Rothwell Limited<br>2 <sup>nd</sup> Floor, The Le Gallais Building<br>54 Bath Street<br>St Helier<br>Jersey JE1 1FW                |                                                                                                                                                           |
| <b>Bankers</b>                            | Barclays Bank Plc<br>13 Library Place<br>St Helier<br>Jersey, JE4 8NE                                                                      |                                                                                                                                                           |
| <b>Lawyers</b>                            | Mourant<br>22 Grenville Street<br>St Helier<br>Jersey, JE4 8PX                                                                             |                                                                                                                                                           |

SRJ Technologies Group Plc  
Directors' Report  
For the year ended 31 December 2023

The directors present their report and the financial statements of SRJ Technologies Group Plc (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2023.

### Principal Activity

The principal activity of the Company is the holding of investments in the subsidiaries SRJ Limited incorporated in Jersey, Channel Islands, SRJ Technology Limited incorporated in the United Kingdom and SRJ Tech Australia Pty Ltd incorporated in Australia which are all 100% owned by the Company and are primarily involved in the development and distribution of a range of weld-free coupling and leak containment solutions for pipeline and process pipework systems and leak containment solutions. The products are designed primarily for pipe repair and the emergency replacement market but can also be integrated into new pipeline builds. The Company also offers Asset Integrity Management (AIM) consulting services to help asset owners to develop and implement an effective asset integrity strategy. AIM seeks to maintain an asset in a fit-for-service condition while extending its remaining life in the most reliable, safe, and cost-effective manner. The Company also owns 100% of the issued share capital of Acorn Intellectual Properties Limited, a Company also incorporated in Jersey, Channel Islands which has the primary activity of holding intellectual property.

### Review of Activities

A summary of key milestones achieved during 2023 that generated revenue in the year are detailed below (further details of each are available under the Company announcements on the ASX website):

- Secured another contract with leading FPSO operator in West Africa.
- Secured three-year contract to supply BoltEx<sup>®</sup> product to PTTEP in Malaysia with Malaysian Partner, EFTECH International.
- Signed Exclusive License Agreement with EFTECH International to represent SRJ in Malaysia such that all opportunities in the region will be contracted through EFTECH which generated revenues of £620k (A\$1.2m) in 2023 and included a 10% revenue share from rentals generated by EFTECH
- Secured order from MovementTrade for the sale of BoltEx<sup>®</sup> in West Africa.
- Secured purchase order from Trident BMC LLC for the sale of BoltEx<sup>®</sup>.
- SRJ Consulting Project extension for asset integrity scope for a leading FPSO operator.
- Contract awarded by global energy company Baker Hughes for both training and asset integrity solutions.
- Secured foothold in US market as first BoltEx<sup>®</sup> orders secured for two companies operating in American West and Gulf of Mexico.
- Awarded contract to supply flange products to Southey in Africa.

The revenue activities described above alongside operational efficiencies resulted in a decrease in the 'Loss for the financial year' from £3.2m in 2022 to £1.3m in 2023, alongside a decrease in the 'Operating cash outflow' from £2.5m to £0.8m in 2023.

### Strategic Overview

SRJ is approaching profitability following Covid setbacks – the next phase of growth will be driven by demand for existing SRJ products and solutions as well as the opportunity to capitalise on the industry's transition to Digital Asset Integrity Management. Key points to highlight in The Company's strategic overview are:

- **Strong performance** on a path to profitability in the near future supported by a growing pipeline of sales opportunities
- **Clear and structured strategy** to grow SRJ's core business whilst supporting the energy industry transformation towards digital solutions.
- **Adopting digital technologies** via organic growth and partnering or potentially acquiring niche players in the market that are driving this transformation

# SRJ Technologies Group Plc

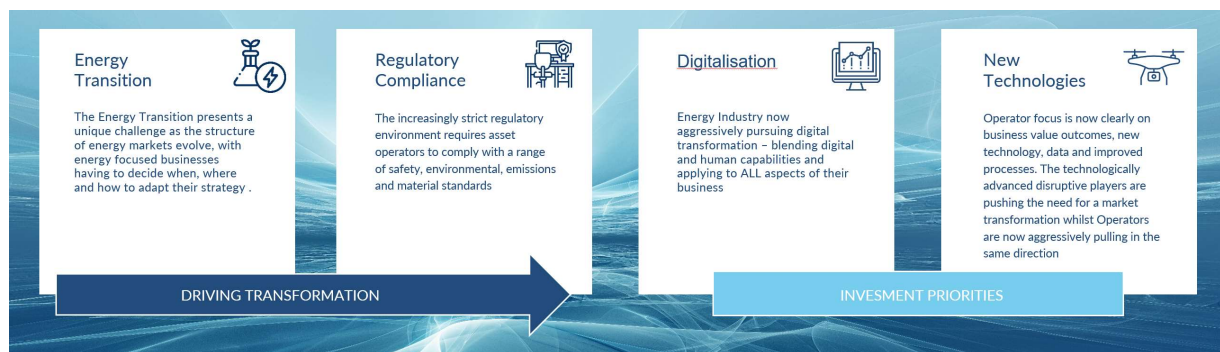
## Directors' Report

For the year ended 31 December 2023

- **Capital structure reset**, removed the debt and market overhang that was impacting the investment appeal in the Company despite the improvement in operational performance and cash flow
- **Strategic Partnerships** with Air Control Entech and Cokebusters in recent months, both niche players driving digital transformation
- **Replication of License agreement** secured with Malaysian entity EFTECH in negotiations for two further regions in Far East

### Industry trends and Investment priorities

With a focus on enabling technologies, SRJ has positioned itself to respond to the key industry trends that are driving investment priorities in the energy industry:



### Strategic Action Plan

Management have identified the following short-term action plan that will form the foundation to achieving SRJ's strategic plan:

- Target Acquisition opportunities possessing world class technological solutions to support the digitisation of clients' Asset Integrity Management
- Build Inventory to ensure timely provision of product to satisfy client-led demand
- Expansion of Asset Integrity solutions through partnering with others to ensure complete coverage of a clients AIM requirements
- Expand SRJ Licensing into other key jurisdictions
- Sales team expansion to support client-led demand
- Strengthening of Strategic Partners through the provision of technologically advanced solutions

### Significant Changes in State of Affairs

Other than what is reported in the directors' report, there were no significant changes in the state of affairs of the Company during the financial year.

**SRJ Technologies Group Plc**  
**Directors' Report**  
**For the year ended 31 December 2023**

**Earnings Per Share**

|                                   | 2023<br>£      | 2022<br>£      |
|-----------------------------------|----------------|----------------|
| Loss for the year                 | (1,287,675)    | (3,225,330)    |
| Weighted average number of shares | 148,661,857    | 123,095,666    |
| Basic and diluted loss per share  | <u>(0.009)</u> | <u>(0.030)</u> |

**Financial Position**

The Group's cash position as at 31 December 2023 was £128,456 (2022: £559,539). In order to ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company undertook a small equity fund raise in February/March 2024 that falls within the Company's placement capacity. The Company received binding commitments for A\$601,250 via a placement of 8,016,666 CHES Depositary Interests (CDIs) representing underlying ordinary shares in the Company. Allotment of the CDIs is expected to occur on Thursday 28 March 2024.

**Going Concern**

The Group made a loss in the year in the amount of £1,287,675 (31 December 2022: £3,225,330) and as at 31 December 2023 was in a net asset position of £418,274 (31 December 2022: £667,553).

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2024 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company undertook an equity fund raise in February/March 2024 and received binding commitments for A\$601,250 (£311,528). However, it is acknowledged that the Company may be required to undertake another fund raise in Q2 2024, either through debt or equity, as a result of material uncertainty over the timing of cash flows and sales levels.

These circumstances indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. However, the Directors remain confident that cash flows and increased sales can be achieved and therefore the financial statements have been prepared on a going concern basis.

**Dividends**

There were no dividends paid in the year under review (2022 - £nil).

**Results**

The Consolidated Statement of Comprehensive Income for the year is set out on page 22.

**Directors**

The directors who served during the year and subsequently were:

Robin Pinchbeck  
Alexander Wood  
Grant Mooney (resigned 14 January 2023)  
Roger Smith (appointed 15 January 2023)

**SRJ Technologies Group Plc**  
**Directors' Report**  
**For the year ended 31 December 2023**

**Disclosure of information to independent auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's independent auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant information and to make themselves aware and make that information available to the Group's auditor.

**Post balance sheet events**

Subsequent events have been evaluated up to the date that the financial statements were approved and authorised for issue by the Board of Directors. There have been no material events requiring adjustment or disclosure in these financial statements further to the events outlined below:

- Equity raise in February/March 2024 of A\$601,250

**Likely Developments and Expected Results of Operations**

Likely developments in the operations of the Group have been included in this report. SRJ's vision is to become the global leader in the provision of digitally integrated asset integrity services and solutions, and the strategy behind that is to:

- develop a group of digitally integrated asset integrity businesses through acquisition and synergistic growth; and
- acquire and grow established businesses and niche technology businesses and provide capital and management expertise to scale up. All within an entrepreneurial and technological business culture.

**Environmental issues**

The Group is not subject to direct environmental regulations under Commonwealth or State legislation.

**On-Market buy back**

The Company has not undertaken any on market buy backs and there also is currently no on-market buyback.

**SRJ Technologies Group Plc**  
**Directors' Report**  
**For the year ended 31 December 2023**

**Company secretary**

The Company secretary who held office throughout the year and subsequently was Benjamin Donovan.

**Information on directors and company secretary**

***Alexander Wood, Executive Director and Chief Executive Officer***

**Qualifications: -**

Mr. Wood co-founded SRJ after 15 years working across the industrial and technology sectors in the UK, Africa and Middle East. Alex has led SRJ's commercialisation as its CEO since inception, bringing a diverse range of skills spanning commercialisation, business development, strategic sales, and investment attraction. Mr. Wood's knowledge of the market comes from his experience in industrials, including his involvement in the acquisitions of Present Platinum Properties, Star Developments and Diamond Properties. Mr. Wood was previously Commercial Director at Middle East Corrosion Technologies.

Mr Wood has a relevant interest in 206,250 ordinary fully paid shares and 1,646,667 CDIs, which excludes ordinary shares/CDI's held by AVI Partners Limited (AVI). Alexander Wood owns 18% of the issued share capital of AVI.

Mr Wood has not held any directorships in other listed companies during the last 3 years.

***Robin Pinchbeck, Non-Executive Chair***

**Special Responsibilities:** Chair of Remuneration and Nominations Committee, Member of Audit and Risk Committee

**Qualifications:** BSc MSc MA

Mr. Pinchbeck has more than 40 years of experience in the oil and gas industry, principally at BP and Petrofac Plc (FTSE: PFC), where he founded and led the Operations Services division. As part of the senior management team, he was integral in the successful listing of Petrofac on the London Stock Exchange in 2005 and subsequently served as Group Head of Strategy. Mr. Pinchbeck has lived and worked in UAE, the UK, Australia, California and Texas.

Past non-executive directorships include Enteq Upstream Plc, Sondex Plc, Enquest Plc, IGas Plc, Seven Energy International Limited and, as Chairman, Sparrows Offshore Limited and PTS Consulting Limited. He is currently a Chairman and a Trustee of the charity Orbis UK. Mr. Pinchbeck holds a Bachelor of Engineering from Imperial College and Master of Business from Stanford.

Mr Pinchbeck has a relevant interest in 201,135 ordinary fully paid shares, 660,799 CDIs, and 226,250 NED Rights.

Mr Pinchbeck has not held any directorships in other listed companies during the last 3 years that is not disclosed above.

SRJ Technologies Group Plc  
Directors' Report  
For the year ended 31 December 2023

***Roger Smith, Executive Director*** (appointed 15 January 2023)

**Qualifications:** BSc

Roger is SRJ's Managing Director of UK, Europe and Middle East for SRJ and a senior member of the executive management team. Prior to this Mr Smith had been the Non-Executive Chairman of SRJ for 4 years. Mr Smith joined SRJ with over 35 years' experience in the oil and gas industry, having served as a Senior Vice President of Petrofac Plc and as a Non-Executive Director of Haydale Graphene Industries plc. He has also held the post of commercial Director with Bureau Veritas. Mr Smith holds a bachelor's degree in physics from University of Southampton.

Mr Smith has a relevant interest in 2,530,000 CDI's

***Ben Donovan (Company Secretary)***

**Qualifications:** B.Comm (Hons), ACG (CS)

Mr Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a Director and Company Secretary of several ASX listed and public unlisted companies involved in the resources and technology industries.

He has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth for nearly 3 years, including as a member of the ASX JORC Committee.

In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies in achieving an initial listing on the ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

**SRJ Technologies Group Plc**  
**Directors' Report**  
**For the year ended 31 December 2023**

**Board meetings held and attended**

During the financial year ended 31 December 2023, the following director meetings were held:

| Director        | Eligible to attend | Attended* |
|-----------------|--------------------|-----------|
| Robin Pinchbeck | 12                 | 11        |
| Alexander Wood  | 12                 | 12        |
| Roger Smith     | 12                 | 12        |

\*Excludes meetings held by circular resolution

**Unaudited Remuneration Report**

The remuneration report details the key management personnel remuneration arrangements for the Company, as if it was subject to the requirements of the Corporations Act 2001 and the Corporations Regulations 2001. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of SRJ Technologies Group Plc for the financial year are:

| Key Management Personnel | Position                           | Group entity               |
|--------------------------|------------------------------------|----------------------------|
| Alexander Wood           | Chief Executive Officer            | SRJ Technologies Group Plc |
| Robin Pinchbeck          | Non-Executive Chairman             | SRJ Technologies Group Plc |
| Roger Smith              | Managing Director, Europe and MENA | SRJ Technology Limited     |
| Stefan McGreevy          | Chief Financial Officer            | SRJ Limited                |
| Paul Eastwood            | Technical Director                 | SRJ Technology Limited     |
| Grant Mooney             | Non-Executive Director (resigned)  | SRJ Technologies Group Plc |
| Andrew Mitchell          | Non-Executive Director (resigned)  | SRJ Technologies Group Plc |

The Company's policy for determining the nature and amount of emoluments of key management personnel is set out below;

**Key Management Personnel (KMP) Remuneration and Incentive Policies**

Due to the resignation of two Non-Executive board members the duties of the Remuneration and Nominations Committee ("the Committee") has been assumed back into the board. Remuneration levels for Directors and senior executives of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy. No such advice was obtained during the current year.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The remuneration structures take into account:

- the capability and experience of the Directors and senior executives;
- the ability of each Director and senior executive to control the relevant performance;
- the Group's performance; and the amount of incentives within each Director's and senior executive's remuneration

SRJ Technologies Group Plc  
Directors' Report  
For the year ended 31 December 2023

**Unaudited Remuneration Report (continued)**

In order to fulfil its responsibilities the Board shall;

a) Executive Remuneration Policy

- i. Review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders.
- ii. Review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs.
- iii. Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market.

b) Executive Directors and Senior Management

- i. Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
- ii. Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the CEO or equivalent. As part of this review the Board will oversee an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

c) Non-Executive Directors

The Board reviews the remuneration of Non-Executive Directors.

d) Executive Incentive Plan

Review and approve the design of any executive incentive plans.

e) Equity Based Plans

- i. Review and approve any equity-based plans that may be introduced (Plans) in the light of legislative, regulatory and market developments.
- ii. For each Plan, determine each year whether awards will be made under that Plan.
- iii. Review and approve total proposed awards under each Plan.
- iv. In addition to considering awards to executive Directors and direct reports to the CEO or equivalent, review and approve proposed awards under each Plan on an individual basis for executives as required under the rules governing each Plan or as determined by the Board.
- v. Review, approve and keep under review performance hurdles for each equity-based Plan.

Before a determination is made by the Company in a general meeting, the aggregate sum of the fees payable by the Company to the Non-Executive Directors is a maximum of A\$500,000 per annum.

SRJ Technologies Group Plc  
Directors' Report  
For the year ended 31 December 2023

**Unaudited Remuneration report (continued)**

Details of the remuneration of key management personnel of the Company and of the entities within the Group is set out in the following table:

| Key Management Personnel | Position                           | Commenced  | Term           | Short term benefits<br>Employee costs <sup>1</sup> |                        | Post employment benefits<br>Superannuation |                        | Share based payments<br>Equity settled performance rights |                          | Total          |                        |
|--------------------------|------------------------------------|------------|----------------|----------------------------------------------------|------------------------|--------------------------------------------|------------------------|-----------------------------------------------------------|--------------------------|----------------|------------------------|
|                          |                                    |            |                | 2023<br>£                                          | 2022 <sup>8</sup><br>£ | 2023<br>£                                  | 2022 <sup>8</sup><br>£ | 2023<br>£                                                 | 2022 <sup>5,8</sup><br>£ | 2023<br>£      | 2022 <sup>8</sup><br>£ |
| Robin Pinchbeck          | Non-Executive Chairman             | 19/11/2019 | <sup>2</sup>   | <b>25,000</b>                                      | 24,547                 | -                                          | -                      | -                                                         | 25,453                   | <b>25,000</b>  | 50,000                 |
| Grant Mooney             | Non-Executive Director             | 02/06/2020 | <sup>2,7</sup> | -                                                  | 10,479                 | -                                          | -                      | -                                                         | 11,951                   | -              | 22,430                 |
| Andrew Mitchell          | Non-Executive Director             | 18/06/2020 | <sup>2,6</sup> | -                                                  | 11,338                 | -                                          | -                      | -                                                         | 11,951                   | -              | 23,289                 |
| Alexander Wood           | Chief Executive Officer            | 01/08/2011 | <sup>3,4</sup> | <b>144,221</b>                                     | 235,177                | <b>6,336</b>                               | -                      | -                                                         | -                        | <b>150,557</b> | 235,177                |
| Roger Smith              | Managing Director, Europe and MENA | 01/10/2019 | <sup>3,4</sup> | <b>134,678</b>                                     | 173,499                | -                                          | -                      | -                                                         | -                        | <b>134,678</b> | 173,499                |
| Stefan McGreevy          | Chief Financial Officer            | 01/11/2019 | <sup>3,4</sup> | <b>173,741</b>                                     | 172,942                | -                                          | -                      | -                                                         | -                        | <b>173,741</b> | 172,942                |
| Paul Eastwood            | Technical Director                 | 01/01/2020 | <sup>3,4</sup> | <b>166,632</b>                                     | 167,537                | <b>9,730</b>                               | 9,730                  | -                                                         | -                        | <b>176,362</b> | 177,267                |
|                          |                                    |            |                | <b>644,272</b>                                     | 795,519                | <b>16,066</b>                              | 9,730                  |                                                           | 49,355                   | <b>660,338</b> | 854,604                |

Notes:

1) Employee costs comprise director & management fees/salaries, employer social security/national insurance, private medical cover and commercial vehicle benefit (A. Wood only). No cash bonuses were paid in 2023 or 2022.

2) The term expires at the next annual meeting where the position is up for re-election. Appointed Director on 19 November 2019

3) No fixed term. A Wood appointed Director on 29 April 2014 and R Smith appointed on 15 January 2023

4) Comparative short-term benefits restated to include private medical cover (all) and commercial vehicle benefit (A. Wood only)

5) Refers to the total value of new performance rights awarded in the year (share based payments).

6) Resigned on 29 December 2022.

7) Resigned on 14 January 2023

8) The 2022 comparatives have been restated to include health insurance (see note 8 in the Financial Statements).

# SRJ Technologies group Plc

## Directors' Report

For the year ended 31 December 2023

### Unaudited Remuneration Report (continued)

#### Share-based Compensation

##### Performance/NED Rights\* issued as Remuneration

There were no performance rights issued during 2023.

#### Additional Disclosures relating to Key Management Personnel

##### Shareholding

The number of shares/CDI's in the Company held during 2023 by each director and other members of key management personnel of the Company, including their personally related parties, is set out in the following table below:

| Key Management Personnel | Balance as at 1 January 2023 | Additions/(disposals) | Balance as at 31 December 2023 |
|--------------------------|------------------------------|-----------------------|--------------------------------|
| Robin Pinchbeck          | 696,934*                     | 165,000               | 861,934                        |
| Alexander Wood           | 206,250                      | 1,646,667*            | 1,852,917                      |
| Roger Smith              | 2,530,000*                   | -                     | 2,530,000                      |
| Stefan McGreevy          | -                            | 1,140,000*            | 1,140,000                      |
| Paul Eastwood            | 760,000*                     | -                     | 760,000                        |

\* this includes Performance Rights exercised in 2022 and 2023 but not NED Rights held by Robin Pinchbeck or shares held by AVI Partners Limited, a company which Alexander Woods holds 18% of the issued share capital.

## SRJ Technologies group Plc

### Directors' Report

For the year ended 31 December 2023

#### Performance/NED Rights

The number of Performance/NED Rights held during the financial year ended 31 December 2023 by the key management personnel, including their personally related parties, is set out below:

| Key Management Personnel | Balance as at 1 Jan 2023 | Exercised NED Rights | Performance Rights forfeited | Performance Rights exercised | Balance as at 31 Dec 2023 |
|--------------------------|--------------------------|----------------------|------------------------------|------------------------------|---------------------------|
| Alexander Wood           | 1,646,667                | -                    | -                            | (1,646,667)                  | -                         |
| Robin Pinchbeck          | 226,250                  | -                    | -                            | -                            | 226,250                   |
| Roger Smith              | -                        | -                    | -                            | -                            | -                         |
| Stefan McGreevy          | 1,140,000                | -                    | -                            | (1,140,000)                  | -                         |
| Paul Eastwood            | -                        | -                    | -                            | -                            | -                         |
| Grant Mooney             | 106,237                  | (106,237)            | -                            | -                            | -                         |
| Andrew Mitchell          | 106,237                  | (106,237)            | -                            | -                            | -                         |

#### Other Transactions with Key Management Personnel and/or their Related Parties

On 22 December 2023, Alexander Wood provided the Company with a short term unsecured, interest free loan to cover working capital requirements which was settled on 4 January 2024. There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and reimbursement of allowable expenses, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

There were no other loans to/from related parties of key management personnel during the financial year.

During the year a wholly owned subsidiary of AVI Partners Limited, continued to rent office space to the Company, the annual charge for this is £24,000 but reduced to £15,000 because of an internal move within the offices from 1 December 2023

The above concludes the Remuneration Report section of the Directors' Report.

#### Other information

##### Indemnification of Officers and Auditors

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

##### Non-Audit Services

During the year, Grant Thornton Limited (Channel Islands) continued to provide statutory and interim audit services. Details of the amounts paid to the auditor for non-audit services provided during the financial year are outlined in Note 6.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor, is compatible with the general standard of independence for auditors.

This report was approved by the board and signed on its behalf.

Alexander Wood  
Director



Date: 27 March 2024

SRJ Technologies Group Plc  
ASX Additional Information  
For the year ended 31 December 2023

**Substantial Holders**

The names of the substantial shareholders (who hold 5% of more of the issue capital) are listed below:

**Ordinary Shares and CDI's Combined**

| Name                         | Number of securities | % of issued combined |
|------------------------------|----------------------|----------------------|
| AVI Partners Limited         | 26,541,164           | 15.64%               |
| Jindabyne Capital Pty Ltd    | 23,923,992           | 14.10%               |
| Solibay Capital Partners Inc | 9,381,474            | 5.53%                |

**Distribution of Securities**

| Number of Ordinary Shares and CDI's combined | Number of holders | Number combined |
|----------------------------------------------|-------------------|-----------------|
| 1-1,000                                      | 37                | 21,182          |
| 1,001-5,000                                  | 141               | 432,689         |
| 5,001-10,000                                 | 102               | 829,304         |
| 10,001-100,000                               | 244               | 9,605,760       |
| 100,001 and over                             | 139               | 158,775,995     |
| Total                                        | 663               | 169,664,930     |

**Top Twenty securityholders**

Ordinary shares and CDI's combined

The names of the twenty largest holders of Ordinary shares and CDI's combined are listed below:

| Name                                      | Number of securities | % of issued combined |
|-------------------------------------------|----------------------|----------------------|
| AVI Partners Limited                      | 26,541,164           | 15.64%               |
| Jindabyne Capital Pty Ltd                 | 23,923,992           | 14.10%               |
| Solibay Capital Partners Inc              | 9,381,474            | 5.53%                |
| Raleigh Atlantic Ltd                      | 7,720,936            | 4.55%                |
| BNP Paribas Noms Pty Ltd                  | 7,532,955            | 4.44%                |
| Mr Xuan Khoa Pham                         | 4,464,041            | 2.63%                |
| Citicorp Nominees Pty Limited             | 3,825,878            | 2.25%                |
| Smarim Pty Ltd                            | 3,386,272            | 2.00%                |
| Steadygrowth Fund Pty Ltd                 | 3,000,000            | 1.77%                |
| J P Morgan Nominees Australia Pty Limited | 2,977,559            | 1.75%                |
| H Custody Nominees (Australia) Limited    | 2,753,405            | 1.63%                |
| Sealyham Investments Limited              | 2,376,000            | 1.40%                |
| Eftech International Sdn Bhd              | 1,999,704            | 1.18%                |
| Dropmill Pty Ltd                          | 1,933,362            | 1.14%                |
| Alexander Wood                            | 1,852,916            | 1.09%                |
| Harry Mitchell                            | 1,850,530            | 1.09%                |
| Roger Smith                               | 1,833,333            | 1.08%                |
| New Street Trust Limited                  | 1,798,500            | 1.06%                |
| Warbont Nominees Pty Ltd                  | 1,529,151            | 0.90%                |
| Mr D Milner & Mrs A Milner                | 1,430,926            | 0.85%                |
| <b>Top Twenty Security holders total</b>  | <b>112,112,098</b>   | <b>66.08%</b>        |
| <b>Remaining Securityholders</b>          | <b>57,552,832</b>    | <b>33.92%</b>        |
|                                           | <b>169,664,930</b>   | <b>100.00%</b>       |

**SRJ Technologies Group Plc**  
**ASX Additional Information**  
**For the year ended 31 December 2023**

**Restricted Securities**

There are no restricted securities at present.

**Use Proceeds**

In accordance with listing rule 4.10.19 the Company confirms that it has used its cash and assets in a form readily convertible to cash in a way consistent with its business objectives at the time of admission.

**Corporate Governance Statement**

The Board of SRJ Technologies Group Plc is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at [www.srj-technologies.com/corporate](http://www.srj-technologies.com/corporate)

**Voting Rights of Shares**

Subject to the Companies (Jersey) Law 1991 and to any rights or restrictions attached to any shares, on a show of hands every Shareholder present in person or by proxy has one vote, and where a proxy has been appointed by more than one Shareholder, such proxy shall have one vote for each Shareholder. On a poll, every Shareholder present in person or by proxy has one vote for every share of which he is a holder. If more than one of the joint holders of a share tenders a vote on the same resolution, whether in person or by proxy, the vote of the joint holder named first in the register of members shall be accepted to the exclusion of the vote(s) of the other joint holders.

**Voting Rights of CDI's**

Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company must allow CDI holders to attend any meeting of the holders of Shares unless relevant Jersey law at the time of the meeting prevents CDI holders from attending those meeting. In order to vote holders must nominate Chess Depository Nominees to vote on their behalf.

**Marketable securities**

There are no holders holding less than a marketable parcel of securities.

**SRJ Technologies Group Plc**  
**Statement of Directors Responsibilities**  
**For the year ended 31 December 2023**

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and generally accepted accounting practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors acknowledge the independent auditors' right of access at all times to the Group's records and acknowledge that it is an offence for anyone to recklessly or knowingly supply information to the independent accountants which is false or misleading and to fail to promptly provide information requested.

## INDEPENDENT AUDITOR'S REPORT

### To the members of SRJ Technologies Group PLC

#### Opinion

We have audited the consolidated financial statements of SRJ Technologies Group PLC for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice
- comply with the Companies (Jersey) Law 1991.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jersey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group made a loss in the year in the amount of £1,287,675 (31 December 2022: £3,225,330) and as at 31 December 2023 was in a net asset position of £418,274 (31 December 2022: £677,553). The Directors' evaluation of the Group's ability to continue as a going concern is also described in note 2.3. The Directors acknowledge the uncertainty over the timing of cash inflows and forecasted additional sales. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company undertook an equity fund raise in February and March 2024, and received binding commitments for £311,528 (A\$601,250). It is however acknowledged that they, the Company, may be required to undertake another fund raise in Q2 2024 either through debt or equity as a result of a material uncertainty over the timing of cash inflows and sales levels. These events or conditions, along with other matters set forth in note 2.3, indicate that a material uncertainty exists that may cast a significant doubt in the ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Directors override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which Group operates.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall group materiality</i>               | £19,000 (2022: £28,000)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>How we determined it</i>                    | 1.5% (2022: 1.5%) of the Group's total assets as of 31 December 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>Rationale for the materiality benchmark</i> | <p>We believe that total assets is an appropriate basis for audit materiality as it is a key performance measure and is a key metric used by management in assessing and reporting on the financial position of the Group. We have determined total assets as the benchmark for computing materiality on the basis that, although the Group is profit oriented, the group is still in start-up position and has been in a net loss since 2014 from the time it began its operation, and is developing its intangibles assets for future sales so total assets as benchmark for materiality is more relevant.</p> <p>We have used 1.5% as a benchmark percentage with the consideration that the Group is listed on the Australian Stock Exchange and, therefore, is considered to be a Public Interest Entity.</p> |

## Key audit matters

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

| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                     | <b>How the matter was addressed in our audit</b>                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue</p> <p>Revenue is a significant driver of the Group's operations and is a key focus of the board. The increase in revenues during the period required specific attention and focus.</p> <p>The Group's accounting policy on revenue is shown in Note 2.5 and the related</p> | <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"><li>• Obtained our understanding of the processes, policies, and controls in relation to the recognition of revenue;</li><li>• Compared the revenue recognition policies adopted by the Group against the requirements of the financial reporting framework;</li><li>• We tested revenue on a sampling basis and agreed to supporting documentation</li></ul> |

**The key audit matter**

disclosures are included in Note 4 of the consolidated financial statements

**How the matter was addressed in our audit**

including subsequent receipts of those income earned during the year.

- We have assessed the revenue recognition policy and its application and challenged management on its implementation; and
- We considered the appropriateness of the debtors included at year end and agreed significant amounts to supporting invoices and subsequent bank receipts where appropriate.

**Key observations**

As a result of our work, we noted an issue in the application of the company's revenue recognition policy. After discussion with those charged with governance the company made a decision to reverse the invoice.

**Impairment of intangible assets**

At 31 December 2023, the Group carried a balance on Intangible Assets of £669,601. This comprised of both patents and development expenditure. The Group accounts for patent and development expenditure initially at cost and thereafter after accumulated amortisation and any accumulated impairment losses.

The intangible assets are considered significant as they represent the intellectual property of the Group and a key driver of future revenue. Furthermore, the identification and calculation of any impairment charge or useful economic life of the intangible assets requires management to use a number of judgements and estimates.

The Group's accounting policy on intangible assets is shown in Note 2.11 and 2.12 and the related disclosures are included in Note 10 of the consolidated financial statements

Our audit work included, but was not restricted to:

- We assessed the accounting policies for intangible assets to ensure that this was compliant with the requirements of the United Kingdom Generally Accepted Accounting Practices and reviewed the basis of the carrying value of the intangible assets as at the balance sheet date which has been calculated at cost less impairment and amortised over 13 years.
- We tested additions on a sample basis to supporting documentation, and assessed the appropriateness of the Group's capitalisation policy to accounting standards.
- We obtained and reviewed management's assessment of the indications of impairment as at year end. We reviewed the assessment and critically evaluated the judgement made by management based on our knowledge of the Group's legal and economic environment. Consideration was given to the to external and internal indications of impairment;
  - whether the market value of the intangible assets has declined during the year as a result of the passage of time or normal use;
  - whether significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates;
  - whether significant changes with an adverse effect on the Group have taken place during the year or are

| The key audit matter | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                       |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      | <p>expected to take place in the near future, in the extent to which, or manner in which the asset underlying the intangible asset is expected to be used</p> <p>➤ Any evidence available from internal reporting that indicates that the economic performance of the intangible asset is, or will be, worse than expected.</p> |

### Key observations

As a result of our work, there were no issues noted. In addition, where management determined that no impairment was required, we found that these judgements were supported by reasonable assumptions that would require significant downside changes before any material impairment arises.

### Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the 'Directors Report and Consolidated Audited Financial Statements', other than the financial statements and our auditor's report thereon. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group 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.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the Group financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

### Responsibilities of the directors for the consolidated financial statements

As explained more fully in the statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with UK GAAP, 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 consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Alexander Ross Langley**

For and on behalf of Grant Thornton Limited

Chartered Accountants

St Helier

Jersey

**27 March 2023**

**SRJ Technologies Group Plc**

**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 December 2023**

|                                                                                                     | Notes | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£ |
|-----------------------------------------------------------------------------------------------------|-------|----------------------------------------|----------------------------------------|
| Turnover                                                                                            | 4     | 1,561,020                              | 932,206                                |
| Cost of sales                                                                                       |       | (251,986)                              | (391,470)                              |
| <b>Gross profit</b>                                                                                 |       | <b>1,309,034</b>                       | <b>540,736</b>                         |
| Administrative expenses                                                                             |       | (2,539,029)                            | (3,798,423)                            |
| Other operating income (R&D tax credits)                                                            |       | 84,326                                 | 35,097                                 |
| <b>Operating loss</b>                                                                               |       | <b>(1,145,669)</b>                     | <b>(3,222,590)</b>                     |
| Interest payable                                                                                    | 5     | (142,006)                              | (2,740)                                |
| <b>Loss for the financial year</b>                                                                  |       | <b>(1,287,675)</b>                     | <b>(3,225,330)</b>                     |
| <b>Other comprehensive income:</b>                                                                  |       |                                        |                                        |
| Gain on translation of foreign subsidiary                                                           |       | 2,058                                  | 12,700                                 |
| <b>Total comprehensive loss for the year</b>                                                        |       | <b>(1,285,617)</b>                     | <b>(3,212,630)</b>                     |
| <b>Total comprehensive loss for the year attributable to:</b>                                       |       |                                        |                                        |
| Ordinary equity holders of the parent                                                               |       | <b>(1,285,617)</b>                     | <b>(3,212,630)</b>                     |
| <i>Earnings Per Share</i>                                                                           |       |                                        |                                        |
| Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent |       | <b>(0.009)</b>                         | <b>(0.030)</b>                         |

There were no recognised gains and losses for the year ended 31 December 2023 or year ended 31 December 2022 other than those included in the consolidated statement of comprehensive income.

The notes on pages 26 to 41 form part of these financial statements.

**SRJ Technologies Group Plc**

**Consolidated Statement of Financial Position  
As at 31 December 2023**

|                                                |              | <b>31 December<br/>2023<br/>£</b> | <i>31 December<br/>2022<br/>£</i> |
|------------------------------------------------|--------------|-----------------------------------|-----------------------------------|
| <b>Fixed assets</b>                            | <b>Notes</b> |                                   |                                   |
| Intangible assets                              | <b>9</b>     | <b>669,601</b>                    | 762,853                           |
| Tangible assets                                | <b>10</b>    | <b>38,082</b>                     | 161,108                           |
|                                                |              | <b>707,683</b>                    | 923,961                           |
| <b>Current assets</b>                          |              |                                   |                                   |
| Inventory                                      | <b>11</b>    | <b>84,470</b>                     | 25,980                            |
| Debtors: amounts falling due within one year   | <b>12</b>    | <b>369,473</b>                    | 366,610                           |
| Cash at bank and in hand                       |              | <b>128,456</b>                    | 559,539                           |
|                                                |              | <b>582,399</b>                    | 952,129                           |
| <b>Current liabilities</b>                     |              |                                   |                                   |
| Creditors: amounts falling due within one year | <b>13</b>    | <b>(793,130)</b>                  | (738,174)                         |
| Loans payable                                  | <b>14</b>    | <b>(50,000)</b>                   | (421,350)                         |
|                                                |              | <b>(843,130)</b>                  | (1,159,524)                       |
| Net current assets / (liabilities)             |              | <b>(260,731)</b>                  | (207,395)                         |
| <b>Non-current liabilities</b>                 |              |                                   |                                   |
| Creditors: amounts falling due after one year  | <b>15</b>    | <b>(28,678)</b>                   | (39,013)                          |
| Net assets                                     |              | <b>418,274</b>                    | 677,553                           |
| <b>Capital and reserves</b>                    |              |                                   |                                   |
| Issued share capital                           | <b>17</b>    | <b>30,848</b>                     | 24,197                            |
| Share premium account                          | <b>17</b>    | <b>18,141,907</b>                 | 15,216,406                        |
| Share based payment reserve                    | <b>7</b>     | <b>-</b>                          | 1,905,814                         |
| Translation reserve                            |              | <b>8,470</b>                      | 6,412                             |
| Retained earnings                              |              | <b>(17,762,951)</b>               | (16,475,276)                      |
|                                                |              | <b>418,274</b>                    | 677,553                           |

The financial statements were approved and authorised for issue by the board on 27 March 2024 and were signed on its behalf by:

**Alexander Wood**  
**Director**



Date: 27 March 2024

The notes on pages 26 to 41 form part of these financial statements.

**SRJ Technologies Group Plc**

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2023**

|                                                                                          | Called up<br>share<br>capital<br>£ | Share<br>premium<br>£ | Share based<br>payment<br>reserve<br>£ | Translation<br>reserve<br>£ | Retained<br>earnings<br>£ | Total equity<br>£ |
|------------------------------------------------------------------------------------------|------------------------------------|-----------------------|----------------------------------------|-----------------------------|---------------------------|-------------------|
| <b>At 1 January 2022</b>                                                                 | 21,639                             | 13,606,004            | 1,176,588                              | (6,288)                     | (13,249,946)              | 1,547,997         |
| Total comprehensive loss for the year                                                    | -                                  | -                     | -                                      | 12,700                      | (3,225,330)               | (3,212,630)       |
| CDIs issued during the year (note 17)                                                    | 2,558                              | 1,610,402             | -                                      | -                           | -                         | 1,612,960         |
| Issue of share awards (note 7)                                                           | -                                  | -                     | 729,226                                | -                           | -                         | 729,226           |
| <b>At 31 December 2022</b>                                                               | <b>24,197</b>                      | <b>15,216,406</b>     | <b>1,905,814</b>                       | <b>6,412</b>                | <b>(16,475,276)</b>       | <b>677,553</b>    |
| Total comprehensive loss for the year                                                    | -                                  | -                     | -                                      | 2,058                       | (1,287,675)               | (1,285,617)       |
| CDIs issued during the year (note 17)                                                    | 3,117                              | 629,751               | -                                      | -                           | -                         | 632,868           |
| Issue of share capital in lieu of fees and repayment of convertible loan notes (note 17) | 2,273                              | 415,850               | -                                      | -                           | -                         | 418,123           |
| Issue of share capital on exercise of employee and NED rights (note 7)                   | 1,261                              | 1,879,900             | (1,881,161)                            | -                           | -                         | -                 |
| Adjustment to SBPR re previous year (note 7)                                             | -                                  | -                     | (24,653)                               | -                           | -                         | (24,653)          |
| <b>At 31 December 2023</b>                                                               | <b>30,848</b>                      | <b>18,141,907</b>     | <b>-</b>                               | <b>8,470</b>                | <b>(17,762,951)</b>       | <b>418,274</b>    |

The notes on pages 26 to 41 form part of these financial statements.

**SRJ Technologies Group Plc**

**Consolidated Statement of Cash Flows  
For the Year Ended 31 December 2023**

|                                                                          | Notes | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£ |
|--------------------------------------------------------------------------|-------|----------------------------------------|----------------------------------------|
| <b>Cash flows used in operating activities</b>                           |       |                                        |                                        |
| Loss for the financial year                                              |       | (1,287,675)                            | (3,225,330)                            |
| <b>Adjustments for:</b>                                                  |       |                                        |                                        |
| Amortisation of intangible assets                                        |       | 112,237                                | 109,537                                |
| Depreciation of tangible assets                                          |       | 23,417                                 | 108,392                                |
| Loss on disposal of fixed assets                                         |       | 2,178                                  | -                                      |
| Interest paid                                                            |       | 142,006                                | 2,740                                  |
| Share based payments for directors' fees                                 |       | (24,653)                               | 72,175                                 |
| Fees settled by issue of CDIs                                            |       | 175,899                                | -                                      |
| Unvested share based payments awarded                                    |       | -                                      | 657,052                                |
| Unrealised (gain)/loss on foreign exchange                               |       | (9,094)                                | 12,002                                 |
| Decrease/(increase) in inventory                                         |       | 1,194                                  | (1,464)                                |
| Decrease in BoltEx® stock inventory                                      |       | 37,747                                 | -                                      |
| Increase in debtors                                                      |       | (2,863)                                | (89,205)                               |
| Increase/(decrease) in creditors                                         |       | 55,374                                 | (174,308)                              |
| <b>Net cash used in operating activities</b>                             |       | (774,232)                              | (2,528,409)                            |
| <b>Cash flows from investing activities</b>                              |       |                                        |                                        |
| Purchase of intangible fixed assets                                      |       | (18,985)                               | (39,624)                               |
| Adjustment re GST refund                                                 | 10    | -                                      | 3,956                                  |
| <b>Net cash used in investing activities</b>                             |       | (18,985)                               | (35,668)                               |
| <b>Cash flows from financing activities</b>                              |       |                                        |                                        |
| Issue of ordinary shares/CDIs                                            |       | 632,868                                | 1,612,960                              |
| Repayments towards finance lease                                         |       | (10,754)                               | (6,019)                                |
| Interest paid                                                            |       | (142,006)                              | (2,740)                                |
| Directors' loans                                                         |       | 50,000                                 | 421,350                                |
| Repayment of directors' loans                                            |       | (421,350)                              | -                                      |
| Drawdown of convertible loan notes                                       |       | 775,602                                | 666,185                                |
| Repayment of convertible loan notes                                      |       | (497,845)                              | (666,185)                              |
| <b>Net cash provided/(used in) from financing activities</b>             |       | 386,515                                | 2,025,551                              |
| <b>Net decrease in cash and cash equivalents</b>                         |       | (406,702)                              | (538,526)                              |
| <b>Effect of changes in foreign exchange rate</b>                        |       |                                        |                                        |
| Effect of translating results of an overseas subsidiary                  |       | 2,058                                  | 12,700                                 |
| Effect of changes in foreign exchange rates on cash and cash equivalents |       | 9,094                                  | (12,002)                               |
| Realised foreign exchange gain on repayment of convertible loan notes    |       | (35,533)                               | -                                      |
|                                                                          |       | (24,381)                               | 698                                    |
| Cash and cash equivalents at beginning of year                           |       | 559,539                                | 1,097,367                              |
| <b>Cash and cash equivalents at the end of year</b>                      |       | 128,456                                | 559,539                                |
| <b>Cash and cash equivalents at the end of year comprise:</b>            |       |                                        |                                        |
| Cash at bank and in hand                                                 |       | 128,456                                | 559,539                                |

The notes on pages 26 to 41 form part of these financial statements.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**1. General information**

SRJ Technologies Group Plc (the "Company") is a Public company incorporated in Jersey, Channel Islands on 29 April 2014 in accordance with the Companies (Jersey) Law 1991 with registration number 115590.

The registered office of the Company is Le Quai House, Le Quai d'Auvergne, St Helier, Jersey, JE2 3TN.

The principal activity of the Company is the holding of investments in the subsidiaries SRJ Limited incorporated in Jersey, Channel Islands, SRJ Technology Limited incorporated in the United Kingdom and SRJ Tech Australia Pty Ltd incorporated in Australia which are all 100% owned by the Company and are primarily involved in the development and distribution of a range of weld-free coupling and leak containment solutions for pipeline and process pipework systems and leak containment solutions. The products are designed primarily for pipe repair and the emergency replacement market but can also be integrated into new pipeline builds. The Company also offers Asset Integrity Management consulting services to help asset owners to develop and implement an effective asset integrity strategy. The Company also owns 100% of the issued share capital of Acorn Intellectual Properties Limited, a Company incorporated in Jersey which has the primary activity of holding intellectual property.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and the Companies (Jersey) Law 1991.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see Note 3).

The following principal accounting policies have been applied.

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and subsidiary entities controlled by the Company ("the Group") as if they form a single entity. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate using accounting policies consistent with those of the Parent. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

**2.3 Going concern**

The Group made a loss in the year in the amount of £1,287,675 (31 December 2022: £3,225,330) and as at 31 December 2023 was in a net asset position of £418,274 (31 December 2022: £677,553). In assessing the going concern of the Group, management have prepared cash flow forecasting and performed sensitivity analysis as to whether the Group has adequate funding to meet its short-term liabilities in the 12 months following approval of the financial statements. Key considerations are outlined below.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**2. Summary of significant accounting policies (continued)**

**2.3 Going concern (continued)**

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2024 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company undertook an equity fund raise in February/March 2024 and received binding commitments for A\$601,250 (£311,528). However, it is acknowledged that the Company may be required to undertake another fund raise in Q2 2024, either through debt or equity, as a result of material uncertainty over the timing of cash flows and sales levels.

These circumstances indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. However, the Directors remain confident that cash flows and increased sales can be achieved and therefore the financial statements have been prepared on a going concern basis.

**2.4 Foreign currency**

**Functional and presentation currency**

The Company's functional currency is Pound Sterling (£) which is the presentation currency of the group consolidated financial statements.

**Foreign translation**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the £ are translated into £ upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting year.

On consolidation, assets and liabilities have been translated into £ at the closing rate at the reporting date. Income and expenses have been translated into £ at the average rate over the reporting year. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income within administration expenses.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**2. Summary of significant accounting policies (continued)**

**2.5 Revenue**

**Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, after considering discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group received revenue from operating leases in relation to rental equipment. The revenue was recognised and accounted for on a straight line basis over the term of the lease. The risks and rewards incidental to ownership remained with the Group.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Group receives revenue from a revenue sharing agreement. The Group receives 10% of revenues generated by the customer from the rental by the customer of SRJ BoltEx® products. Revenues due under the agreement are declared to the Group monthly and recognised as revenue in the period to which the rentals relate.

The Group is not significantly affected by seasonality or cyclicity of operations.

**Other operating income**

Other income comprises research and development tax credits granted by the UK and Australian tax authorities for qualifying research and development expenditure alongside other sundry income sources which do not fall under supply of goods or services to the Group's customers. Tax credits are recognised in the period to which the expenditure relates once agreed between the Group and the relevant tax authority. All other revenue items are recognised on an accruals basis.

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria set out in FRS102 relating to such costs are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is estimated to be 13 years from the date in which the production and sale of the product commenced.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs such as arrangement and transaction fees are deducted against the financial liability and recognised as a part of finance costs over the term of the instrument.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**2. Summary of significant accounting policies (continued)**

**2.9 Pensions**

**Defined contribution**

The Group operates a statutory defined contribution plan for its UK employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**2.10 Share based payments**

The Group provides share-based payment arrangements to certain employees, directors and consultants. Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Consolidated Statement of Comprehensive Income.

**2.11 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The patents and development costs first became available for use in 2017 when production and sale of the product commenced. They are being amortised annually on a straight line basis up to 20 October 2029 which is the maximum duration the main patent application can be extended to. The basis for this amortisation is 13 years.

The patents and development costs residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**2.12 Impairment of assets**

Non-financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. In such cases an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**2. Summary of significant accounting policies (continued)**

**2.13 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method, with the exception of motor vehicles which is on a reducing balance method.

Depreciation is provided on the following basis:

|                     |   |     |                        |
|---------------------|---|-----|------------------------|
| Office equipment    | - | 20% | Straight line basis    |
| Computer equipment  | - | 33% | Straight line basis    |
| Plant and machinery | - | 20% | Straight line basis    |
| Seal moulds *       | - | 33% | Straight line basis    |
| Rental equipment ** | - | 33% | Straight line basis    |
| Motor vehicles      | - | 25% | Reducing balance basis |

\* Reclassified as rental equipment during 2022.

\*\* Reclassified as inventory during the year (see note 11).

The depreciation method for the motor vehicle was changed from a straight line basis to a reducing balance basis during the year ended 31 December 2022.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.14 Inventories**

Inventories of parts are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

The rental equipment initially used by the Group for leasing to third parties and therefore classified as fixed assets changed to primarily being a selling model from the start of 2023. As such, the fixed assets were reclassified to inventory at a value equivalent to the net book value brought forward, and subsequently adjusted for stock movements. The net realisable value of such assets on reclassification is considered to be in excess of the existing net book value of the fixed assets reclassified based on selling price achieved.

**2.15 Debtors**

Debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.17 Creditors**

Financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**2.18 Equity and reserves**

Called up share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Directly attributable costs in respect of the raising of capital are offset against the total proceeds of the share issue in the Statement of Financial Position by deducting this from share premium, net of any related income tax benefits.

Other components of equity include the following:

- share based payment reserve – comprises the pro-rated expense of granted equity-settled share based payments which have met the prerequisite performance criteria. Once the vesting period has expired the value of all eligible awards which comprise the share based payment reserve will be transferred to share capital and share premium.
- translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into £.

**2.19 Financial instruments**

The Group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from other third parties and to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other receivables and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

**2.20 Convertible debt**

A convertible loan note whereby the issuer is obligated to pay principal and interest, but the holder has an option to convert their holding into a fixed number of equity shares of the issuer is classified as a compound financial instrument. From the issuer's perspective such notes contains two elements, a financial liability represented by the obligation to deliver cash payments and an equity element, represented by the obligation to deliver a fixed number of equity shares. For the conversion right to be classified as an equity instrument, it must meet the 'fixed for fixed' criterion. This requires that a fixed amount of cash or other financial asset be exchanged for a fixed number of equity instruments. A convertible loan note that allows for conversion into a variable number of shares has no equity element.

The proceeds received on issue of the Group's convertible debt are allocated between a liability component and an equity component in accordance with the substance of the agreement and FRS 102.

The amount initially attributed to the debt component (other than those with a maturity within one year) equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument without the option to convert. On conversion, the debt element is credited to share capital and share premium as appropriate.

Where applicable, the difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited directly to equity and is not subsequently remeasured. On conversion, the equity element is credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

After initial recognition the equity component is not remeasured, and the liability is measured at amortised cost where it meets the criteria to be accounted for as a basic financial instrument.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In preparing the consolidated financial statements management is required to make estimates and assumptions that affect amounts presented therein. These estimates and assumptions are based on past experience or the other factors and are believed to be reasonable in the circumstances.

**Impairment of intangible assets**

The carrying value of intangible assets, which comprise Intellectual Property in the form of patent and development costs (IP), are dependent on the expected future revenue from product sales and services rendered in connection with the IP. The patents and development costs, residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. In assessing if there has been an indication of impairment the Directors considered both external and internal factors dictated by FRS 102 alongside other considerations as to the current position of the Company. A key factor considered was that revenues has increased in excess of 100% compared to the previous period. An impairment assessment was performed and it was concluded that there was no impairment.

**Useful life of intangible assets**

The basis for estimate the useful life of intangible assets is disclosed in note 9.

**Impairment of debtors**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, the directors consider factors including current credit rating of the debtor, ageing profile of debtors and historical experience.

**4. Turnover**

Turnover, analysed geographically between markets, was as follows:

| <b>31 December 2023</b> |                      |                      |                          |                  |
|-------------------------|----------------------|----------------------|--------------------------|------------------|
|                         | <b>Product sales</b> | <b>Rental income</b> | <b>Services rendered</b> | <b>Total</b>     |
|                         | £                    | £                    | £                        | £                |
| Jersey                  | 747,297              | -                    | 26,301                   | 773,598          |
| United Kingdom          | 9,640                | -                    | 55,112                   | 64,752           |
| Australia               | 697,015              | 20,509               | 5,146                    | 722,670          |
|                         | <u>1,453,952</u>     | <u>20,509</u>        | <u>86,559</u>            | <u>1,561,020</u> |
| <b>31 December 2022</b> |                      |                      |                          |                  |
|                         | <i>Product sales</i> | <i>Rental income</i> | <i>Services rendered</i> | <i>Total</i>     |
|                         | £                    | £                    | £                        | £                |
| Jersey                  | 606,398              | -                    | 47,666                   | 654,064          |
| United Kingdom          | 39,130               | -                    | 150,158                  | 189,288          |
| Australia               | 11,563               | 68,716               | 8,576                    | 88,854           |
|                         | <u>657,091</u>       | <u>68,716</u>        | <u>206,400</u>           | <u>932,206</u>   |

**5. Interest payable**

|                                                        | <b>Year ended<br/>31 December<br/>2023</b> | <b>Year ended<br/>31 December<br/>2022</b> |
|--------------------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                        | £                                          | £                                          |
| Finance lease interest                                 | 2,063                                      | 2,740                                      |
| Interest on drawdown of convertible loan notes ("OID") | 111,012                                    | -                                          |
| Interest on early repayment of convertible loan notes  | 28,611                                     | -                                          |
| General interest expense                               | 320                                        | -                                          |
|                                                        | <u>142,006</u>                             | <u>2,740</u>                               |

**SRJ Technologies Group Plc**

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**6. Auditor remuneration**

|                    | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£ |
|--------------------|----------------------------------------|----------------------------------------|
| Annual audit       | 44,000                                 | 40,550                                 |
| Interim review     | 15,000                                 | 19,570                                 |
| Non-audit services | 1,620                                  | 11,982                                 |
|                    | <u>60,620</u>                          | <u>72,102</u>                          |

Non-audit services are provided by both Grant Thornton Limited (Channel Islands) and Grant Thornton Audit Pty Ltd. The non-audit services in 2023 relate to the work performed by Grant Thornton Audit Pty Ltd for the review of the half yearly financial statements (2022: IAR services for cleansing prospectus and the balance of fees in respect of financial, tax and other due diligence in relation to a potential acquisition).

**7. Share based payments**

|                                         | No of<br>Performance<br>Rights |
|-----------------------------------------|--------------------------------|
| Non-Executive Directors and consultants | 580,000                        |
| Management and employees                | 7,434,000                      |
|                                         | <u>8,014,000</u>               |

Under the Employee Incentive Program (EIP), 1 PR is the equivalent of 1 Chess Depositary Interest (CDI). The award date of the PRs was 14 August 2020 and grant date was 18 September 2020 (the listing date of the Group shares). PRs issued will vest 24 months after the issue date and be subject to the following vesting conditions;

- the Company's CDIs reaching a target 15 day VWAP post Listing; and
- continuity of engagement (for consultants and Non-Executive Directors) or continuity of employment (for management and employees) for the period from Listing until the vesting date.

|                                                       | Target 15-day<br>VWAP<br>A\$ | No of<br>Performance<br>Rights |
|-------------------------------------------------------|------------------------------|--------------------------------|
| Tranche 1                                             | 0.60                         | 4,024,000                      |
| Tranche 2                                             | 0.65                         | 2,470,000                      |
| Tranche 3 - forfeited as performance criteria not met | 0.75                         | 1,520,000                      |

The 15-day VWAP target for all three tranches was met at IPO therefore the performance criteria of Tranches 1 and 2 were achieved on IPO. Tranche 3 had additional performance criteria relating to revenue targets that were not achieved and as such this tranche of performance rights was forfeited and advised to the respective parties on 5 August 2022. The forfeiture had no profit or loss impact due to the fact that management did not expect those revenue targets to be met and therefore no amounts were recognised in relation to those awards.

On the grant date, the CDIs had fair value of A\$0.50 each which represents the price at listing of the CDI's on the same date. The expense to the Group in 2023 based on qualifying PRs issued is analysed as follows;

|                        | Fair value per<br>CDI<br>A\$ | No of<br>Performance<br>Rights | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£ |
|------------------------|------------------------------|--------------------------------|----------------------------------------|----------------------------------------|
| Directors remuneration | 0.50                         | 5,320,001                      | -                                      | 538,268                                |
| Staff remuneration     | 0.50                         | 973,999                        | -                                      | 96,933                                 |
| Consultancy fees       | 0.50                         | 200,000                        | -                                      | 21,851                                 |
|                        |                              |                                | <u>-</u>                               | <u>657,052</u>                         |

Performance Rights of 3,707,333 amounting to £1,046,799 were issued in March 2023 as CDIs.

## SRJ Technologies Group Plc

### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2023

#### 7. Share based payments (continued)

Vested Performance Rights of 2,786,667 (including 1,646,667 to Alexander Wood) amounting to £786,841 were issued as CDIs in September 2023.

#### NED Rights

|                         | No of<br>Performance<br>Rights |
|-------------------------|--------------------------------|
| Non-Executive Directors | <u>438,724</u>                 |

A NED Right is an entitlement to one fully paid ordinary share in the Company, issued under the SRJ Equity Incentive Plan. NED Rights were granted to the Company's non-executive Directors, being Mr Robin Pinchbeck, Mr Grant Mooney and Mr Andrew Mitchell on 16 December 2022 for nil consideration and with a nil exercise price. These non-executive Directors agreed to forgo their entitlement to be paid director fees in cash for the following amounts in 2022:

- a) Mr Robin Pinchbeck - A\$45,250;
- b) Mr Grant Mooney - A\$21,247; and
- c) Mr Andrew Mitchell A\$21,427.

These Directors instead received such number of NED Rights equal in value to these cash fees. NED Rights will lapse if it is not exercised within 15 years of the grant date. The NED Rights may not be exercised within 90 days of the grant date. The NED Rights are 'restricted rights' in that the NED Rights, and any Shares/CDIs issued upon exercise of a NED Right, may not be disposed of prior to the date that the non-executive director ceases to hold office or employment with the Company, or prior to 15 years from the grant date (if earlier) (Disposal Restriction).

The NED rights shares of 438,724 amounting to £47,521 were issued as CDIs in March 2023.

In the December 2022 financial statements, it was believed fees for October-December 2022 amounting to £24,653 would be settled in CDIs. However, it subsequently transpired only fees owing as of September 2022 (£47,521) were to be settled in CDIs, with the fees for October-December 22 remaining as a payable to the directors. An adjustment from the equity reserve was made to payables, reducing the amount from the £72,174 initially provided to £47,521, as set out above.

#### 8. Remuneration of key management personnel and employees

|                                  | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£<br><i>As restated</i> |
|----------------------------------|----------------------------------------|--------------------------------------------------------------|
| <b>Directors</b>                 |                                        |                                                              |
| Salaries and fees                | 635,349                                | 835,196                                                      |
| Pension and superannuation costs | 16,066                                 | 9,730                                                        |
| Health insurance                 | 8,923                                  | 9,678                                                        |
| Share based payment awards       | -                                      | 538,268                                                      |
|                                  | <u>660,338</u>                         | <u>1,392,872</u>                                             |
|                                  | Year ended<br>31 December<br>2023<br>£ | Year ended<br>31 December<br>2022<br>£<br><i>As restated</i> |
| <b>Employees and consultants</b> |                                        |                                                              |
| Wages and salaries               | 587,315                                | 684,204                                                      |
| Pension and superannuation costs | 52,277                                 | 69,175                                                       |
| Health insurance                 | 15,169                                 | 18,891                                                       |
| Share based payment awards       | -                                      | 118,784                                                      |
|                                  | <u>654,761</u>                         | <u>891,054</u>                                               |

The comparatives have been restated to disclose the health insurance costs for key management personnel separately from employees and consultants.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**8. Remuneration of key management personnel and employees (continued)**

Key management personnel are considered to be all directors of the Company, the Chief Financial Officer and Technical Director.

The average number of directors and employees of the Group during the year was 11 (2022: 13)

The cost of employees delivering consultancy services and engineering/operational support in delivering products is charged to cost of sales in accordance with their hourly rate and time spent in delivering the service contract. In the year, wages and salaries of £48,868 (2022: £147,839) was charged to cost of sales.

**9. Intangible fixed assets**

|                            | Patents<br>£   | Development<br>expenditure<br>£ | Total<br>£     |
|----------------------------|----------------|---------------------------------|----------------|
| <b>Cost</b>                |                |                                 |                |
| At 1 January 2023          | 545,116        | 786,016                         | 1,331,132      |
| Additions                  | 18,985         | -                               | 18,985         |
| At 31 December 2023        | 564,101        | 786,016                         | 1,350,117      |
| <b>Amortisation</b>        |                |                                 |                |
| At 1 January 2023          | 223,847        | 344,432                         | 568,279        |
| Charge for the year        | 48,801         | 63,436                          | 112,237        |
| At 31 December 2023        | 272,648        | 407,868                         | 680,516        |
| <b>Net book value</b>      |                |                                 |                |
| <b>At 31 December 2023</b> | <b>291,453</b> | <b>378,148</b>                  | <b>669,601</b> |
| <i>At 31 December 2022</i> | <i>321,269</i> | <i>441,584</i>                  | <i>762,853</i> |

The patents and development costs first became available for use in 2017 when production and sale of the product commenced. They are being amortised annually on a straight line basis up to 20 October 2029 which is the maximum duration the main patent application can be extended to.

The patents and development costs residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

It should be noted that amortisation costs are included within administrative expenses within the Consolidated Statement of Comprehensive Income.

The patents and development costs, residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. An impairment assessment was conducted and in assessing if there was an indication of impairment, the Directors considered both external and internal factors dictated by FRS 102 alongside other considerations as to the current position of the Company. It was concluded that no impairment was identified.

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**SRJ Technologies Group Plc**

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**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**10. Tangible fixed assets**

|                            | Motor<br>vehicles<br>£ | Rental<br>equipment<br>£ | Plant and<br>machinery<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|----------------------------|------------------------|--------------------------|-----------------------------|--------------------------|----------------------------|----------------|
| <b>Cost</b>                |                        |                          |                             |                          |                            |                |
| At 1 January 2023          | 56,399                 | 233,880                  | 32,680                      | 12,250                   | 30,521                     | 365,730        |
| Additions                  | -                      | -                        | -                           | -                        | -                          | -              |
| Reclassification           | -                      | (233,880)                | -                           | -                        | -                          | (233,880)      |
| Disposals                  | -                      | -                        | (9,354)                     | -                        | -                          | (9,354)        |
| At 31 December 2023        | <u>56,399</u>          | <u>-</u>                 | <u>23,326</u>               | <u>12,250</u>            | <u>30,521</u>              | <u>122,496</u> |
| <b>Depreciation</b>        |                        |                          |                             |                          |                            |                |
| At 1 January 2023          | 21,778                 | 133,300                  | 15,341                      | 8,651                    | 25,553                     | 204,622        |
| Charge for the year        | 8,584                  | 3,149                    | 6,417                       | 1,529                    | 3,738                      | 23,417         |
| Reclassification           | -                      | (136,449)                | -                           | -                        | -                          | (136,449)      |
| Written back on disposals  | -                      | -                        | (7,176)                     | -                        | -                          | (7,176)        |
| At 31 December 2023        | <u>30,362</u>          | <u>-</u>                 | <u>14,582</u>               | <u>10,180</u>            | <u>29,291</u>              | <u>84,414</u>  |
| <b>At 31 December 2023</b> | <u>26,037</u>          | <u>-</u>                 | <u>8,744</u>                | <u>2,070</u>             | <u>1,230</u>               | <u>38,082</u>  |
| <i>At 31 December 2022</i> | <u>34,621</u>          | <u>100,580</u>           | <u>17,339</u>               | <u>3,599</u>             | <u>4,968</u>               | <u>161,108</u> |

Rental equipment was previously used by the Group for leasing to third parties and was subject to operating lease agreements. During 2023, the use of the rental equipment (BoltEx® stock) changed primarily to being a selling model. As such, the fixed assets were reclassified as inventory at a value equivalent to the net book value (£97,431) at the time they were transferred to stock. It should be noted that any equipment rented out under an operating lease continued to be classified as a fixed asset until such agreement ended, at which point it was transferred to stock.

The vehicle cost was reduced in 2022 after an adjustment was subsequently made for GST reclaimable. This has not been accounted for as a prior year adjustment. The depreciation policy of the vehicle changed at the beginning of the year from 10% straight line to 25% reducing balance. This has been applied prospectively as it is a change in estimation technique not a change in accounting policy.

It should be noted that the motor vehicle is under a finance lease.

No indicators of impairment were noted during the period hence no impairment expense was recognised (2022: £nil). Assets on the fixed asset register that could not be located have been written off as disposals.

**SRJ Technologies Group Plc**

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

| <b>11. Inventory</b>         | <b>31 December<br/>2023</b> | <i>31 December<br/>2022</i> |
|------------------------------|-----------------------------|-----------------------------|
|                              | <b>£</b>                    | <b>£</b>                    |
| BoltEx <sup>®</sup> stock    | <b>59,684</b>               | -                           |
| Inventory of parts - at cost | <b>24,786</b>               | 25,980                      |
|                              | <b>84,470</b>               | 25,980                      |

Management undertook an assessment of the value of parts alongside a Senior Engineer from SRJ. Such is the mark up achievable on the finished products, the conclusion was made that the NRV was not lower than the cost.

The rental equipment fixed assets (BoltEx<sup>®</sup> stock) initially used by the Group for leasing to third parties changed to primarily being a selling model during the year. As such, the fixed assets were reclassified to inventory at a value equivalent to the net book value at the time of reclassification (£97,431), and subsequently adjusted for stock movements. The net realisable value of such assets on reclassification is considered to be in excess of the existing net book value of the fixed assets reclassified based on selling price achieved.

| <b>12. Debtors</b>               | <b>31 December<br/>2023</b> | <i>31 December<br/>2022</i> |
|----------------------------------|-----------------------------|-----------------------------|
|                                  | <b>£</b>                    | <b>£</b>                    |
| Trade debtors                    | <b>261,554</b>              | 204,968                     |
| Other debtors                    | <b>50,465</b>               | 36,877                      |
| Prepayments and accrued income   | <b>57,454</b>               | 91,015                      |
| Called up share capital not paid | -                           | 33,750                      |
|                                  | <b>369,473</b>              | 366,610                     |

| <b>13. Creditors: Amounts falling due within one year</b> | <b>31 December<br/>2023</b> | <i>31 December<br/>2022</i> |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
|                                                           | <b>£</b>                    | <b>£</b>                    |
| Finance lease payable                                     | <b>8,160</b>                | 8,578                       |
| Trade creditors                                           | <b>474,109</b>              | 536,568                     |
| Deferred income                                           | <b>101,101</b>              | -                           |
| Accruals and other payables                               | <b>209,760</b>              | 193,028                     |
|                                                           | <b>793,130</b>              | 738,174                     |

The finance lease is with Power Alliance Finance and is in respect of the acquisition of a commercial vehicle by SRJ Tech Australia Pty Ltd. The consideration paid for the vehicle was AU\$111,924 (£56,399 excluding GST). The lease is for 60 months with interest accruing at 4.99%. During the year, £10,753 and £2,063 of capital and interest respectively was paid.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

| <b>14. Loans payable</b>             | <b>31 December<br/>2023<br/>£</b> | <b>31 December<br/>2022<br/>£</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Convertible loan notes (see note 16) | -                                 | -                                 |
| Directors' loans                     | <u>50,000</u>                     | <u>421,350</u>                    |
|                                      | <u>50,000</u>                     | <u>421,350</u>                    |

In the year ended 31 December 2022, two directors agreed to provide an unsecured, interest free bridging facility of £421k in total, with no fees, whilst the new convertible loan facility was being agreed. This was subsequently repaid on 11 January 2023. A further £50,000 was loaned to the Group by one of the directors in December 2023. The loan is unsecured, interest free and repayable by 15 January 2024. This was subsequently repaid on 4 January 2024.

| <b>15. Creditors: Amounts falling due after one year</b> | <b>31 December<br/>2023<br/>£</b> | <b>31 December<br/>2022<br/>£</b> |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
| Finance lease payable                                    | <u>28,678</u>                     | <u>39,013</u>                     |

**16. Convertible debt**

On 15 February 2023 the Company signed an agreement for a convertible loan facility of A\$3,500,000 of convertible securities (the "Facility").

Tranche 1 of the Facility with Mercer Street Global Opportunity Fund LLC ("Mercer") consisted of 1,610,000 Convertible Notes, comprised of A\$1,400,000 principal ("Principal Amount") and A\$210,000 Original Issue Discount ("OID") (Tranche1). Of this amount, 862,500 Convertible Notes for A\$750,000 (£422,495) was drawn down on 24 February 2023 with the remaining 747,500 Convertible Notes for a total of A\$650,000 (£353,107) drawn down on 29 March 2023.

During the year, Mercer converted 525,000 of notes (value £278,863), equating to 10,500,000 shares.

Under the agreement, a further tranche of Convertible Notes in respect of the Second Convertible Security ("Second Tranche") could be issued with an individual face value of A\$1. This tranche was not drawn upon and the ability to issue notes under this tranche has expired. The Tranche 1 Notes were convertible into common shares at 90% of the lowest two (2) VWAPS ("Conversion Price A") during the fifteen (15) trading days immediately prior to notice of conversion by the Investor subject to a minimum conversion price of A\$0.05. As part of the fee for the facility, the Company issued to Mercer CDIs for nil consideration equal to 3% of the Total Facility Amount of A\$3,500,000, being 763,864 CDIs, calculated based on the 15 day VWAP of CDIs prior to the date of the Convertible Securities Agreement. These CDIs were issued to Mercer at the same time as the Tranche 1 Convertible Notes.

In September 2023, the Company repaid 1,085,000 of notes (value £572,218), being full settlement of the remaining convertible loan notes, including OID. Further to this, early repayment interest amounting to £28,611 (\$54,250) was paid to Mercer on settlement.

On issuing convertible debt, the Company allocates the proceeds between a liability component and an equity component in accordance with the substance of the agreement and FRS 102. For the convertible loan facility signed in February 2023, the Company had no unconditional ability to avoid settling at the maturity date. Mercer retained control and could either convert or request repayment at the maturity date. As such, the amount drawn down is considered to be wholly debt in nature until any conversion occurs. For the conversion right to be classified as an equity instrument, it must meet the 'fixed for fixed' criterion. This requires that a fixed amount of cash or other financial asset be exchanged for a fixed number of equity instruments. The 'fixed for fixed' criterion is not met here as the holder has the option to convert into a variable number of shares, hence the convertible debt does not contain an equity component and is wholly classified as a financial liability. The liability has been treated as a basic financial instrument measured at amortised costs as FRS 102 does not use the term 'embedded derivative' and there is no requirement or ability for a company which chooses to account for financial instruments in accordance with the requirements of sections 11 and 12 of FRS 102 to separate the host contract and embedded derivative.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**16. Convertible debt (continued)**

As part of the Facility the Company issued 10,400,238 Options to Mercer. The exercise price of each Option is A\$0.168 and will equate to one Ordinary share/CDI in the Company. The expiry date is March 2026. Management considered the fair value of the Options with reference to the current Company share price and concluded it would not be appropriate to allocate any expense in relation to the Options in this periods Statement of Comprehensive Income. Management will undertake a similar assessment at the end of each reporting period.

The Company also previously issued 9,270,949 options to other parties as approved in the Company AGM in December 2022. The exercise price of each Option is A\$0.25 and will equate to one Ordinary share/CDI in the Company. The expiry date is October 2025. Management also considered the fair value of these options with reference to the current Company share price and concluded it would not be appropriate to allocate any expense in relation to the options in this periods Statement of Comprehensive Income. Management will undertake a similar assessment at the end of each reporting period.

**17. Issued capital**

|                                                                                               | <b>31 December<br/>2023</b> | <i>31 December<br/>2022</i> |
|-----------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                               | <b>£</b>                    | <b>£</b>                    |
| <b>Allotted, called up and fully paid</b>                                                     |                             |                             |
| 169,664,930 (2022: 133,082,177) Ordinary shares of £0.00018181819 (2022: £0.00018181819 each) | <b>30,848</b>               | <i>24,197</i>               |

Movements in share capital during the year are reconciled as below;

|                                           | <b>31 December 2023</b> |                    |                    |
|-------------------------------------------|-------------------------|--------------------|--------------------|
|                                           |                         | Share capital<br>£ | Share premium<br>£ |
| <b>Allotted, called up and fully paid</b> |                         |                    |                    |
| Brought forward                           | <b>133,082,177</b>      | <b>24,197</b>      | <b>15,216,406</b>  |
| Issued to investors (i)                   | <b>36,582,753</b>       | <b>6,651</b>       | <b>2,925,501</b>   |
| At 31 December 2023                       | <b>169,664,930</b>      | <b>30,848</b>      | <b>18,141,907</b>  |

During the year an additional 36,582,753 shares were issued for total consideration of £2,932,152 (A\$5,484,143).

Included in the above are the following:

|                                                  | <b>31 December 2023</b> |                    |                    |
|--------------------------------------------------|-------------------------|--------------------|--------------------|
|                                                  |                         | Share capital<br>£ | Share premium<br>£ |
| Fees settled in CDI's (i)                        | <b>2,007,173</b>        | <b>364</b>         | <b>138,896</b>     |
| Repayment of convertible loan notes and OID (ii) | <b>10,500,000</b>       | <b>1,909</b>       | <b>276,954</b>     |
|                                                  | <b>12,507,173</b>       | <b>2,273</b>       | <b>415,850</b>     |

(i) Fees settled in CDI's were largely in respect of consulting fees payable by the Company for investor relations services, conversion of performance rights as set out in IPO prospectus, fees in connection with the provision of the Mercer financing facility and fees in relation to raising capital.

(ii) Relates to the conversion of 525,000 notes (10,500,000 shares) valued at £278,863 (£242,224 loan notes plus £36,639 OID).

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**SRJ Technologies Group Plc**

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**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

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**17. Issued capital (continued)**

31 December 2022

|                                           | Shares in issue    | Share capital<br>£ | Share premium<br>£ |
|-------------------------------------------|--------------------|--------------------|--------------------|
| <b>Allotted, called up and fully paid</b> |                    |                    |                    |
| At 31 December 2022                       | <u>133,082,177</u> | <u>24,197</u>      | <u>15,216,406</u>  |

The ASX uses an electronic system called CHESS for the clearance and settlement of trades. The Company is a Jersey Company incorporated under the Companies (Jersey) Law 1991, which does not recognise the CHESS system of holding securities. Accordingly, to enable the securities to be cleared and settled electronically through CHESS, depositary instruments called CDIs are issued. CDIs represent the beneficial interest in the underlying shares in a foreign company listed on the ASX and are traded in a manner similar to shares of listed Australian companies. Each CDI represents an interest in one share of SRJ.

**18. Related party transactions**

AVI Partners Limited (AVI) is a related party by virtue of having a common shareholder with a significant shareholding in the Company. A wholly owned subsidiary of AVI leases office space to the Company, the charge in the year was £23,250 (31 December 2022: £24,000), equivalent to £2,000 per month to November 2023 and £1,250 per month from December 2023.

The Company has a Strategic Management Services consultancy agreement with Devi5e Pty, a Company owned by David Milner who is a director of SRJ Tech Australia Pty Ltd. The expense in the year was £66,082 (2022: £99,198).

Jindabyne Capital Pty Ltd, a related party by virtue of having a significant shareholding in the Company, charged consultancy fees of £32,107 (\$60,000) to the Company during the year.

During the year key management personnel (defined as all directors of the Company, the Chief Financial Officer and Technical Director) of the Group received total compensation of £660,338 (31 December 2022: £844,926) of employment and post-employment benefits and £nil awards of share based payments (31 December 2022: £nil). See note 7 for further analysis of directors' remuneration.

The interests of the Directors in the capital of the Company at the year end date are set out in the table below:

| Director        | Securities                                                        |
|-----------------|-------------------------------------------------------------------|
| Robin Pinchbeck | 861,934 Ordinary shares/CDIs<br>226,250 NED rights issued as CDIs |
| Alexander Wood  | 1,852,917 Ordinary shares/CDIs                                    |
| Roger Smith     | 2,530,000 Ordinary shares/CDIs                                    |

Further to the Ordinary Shares held directly by Alexander Wood there are 26,541,164 Ordinary Shares held by AVI Partners Limited, a company in which Alexander Wood holds 18.0% of the issued shares. AVI Partners has a shareholding of 15.64% of the undiluted shares in issue of the Group.

**19. Leases for premises**

The lease between SRJ Limited and AVI Partners Limited for the premises "Le Quai House" expired on 18 June 2021. Whilst a new lease has not been signed, monthly rentals of £2,000 continued to be paid until November 2023. Following an internal office move this monthly amount reduced to £1,250 from December 2023.

SRJ Technology Limited, rents offices for £15,500 per annum under a lease that expired on 6 January 2024. New lease terms are currently being renegotiated.

SRJ Tech Australia Pty Ltd rents offices for A\$1,600 per month on a rolling three-month lease.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2023**

**20. Analysis of changes in net debt**

|                                  | At 1 January<br>2023<br>£ | Cash flows<br>£  | Other non-<br>cash changes<br>£ | At 31<br>December<br>2023<br>£ |
|----------------------------------|---------------------------|------------------|---------------------------------|--------------------------------|
| <b>Cash and cash equivalents</b> |                           |                  |                                 |                                |
| Cash at bank and in hand         | 559,539                   | (433,141)        | 2,058                           | 128,456                        |
| <b>Borrowings</b>                |                           |                  |                                 |                                |
| Finance lease                    | (47,591)                  | 10,753           | -                               | (36,838)                       |
| Convertible loan notes           | -                         | (277,757)        | 277,757                         | -                              |
| Borrowings total                 | <u>(47,591)</u>           | <u>(267,004)</u> | <u>277,757</u>                  | <u>(36,838)</u>                |
| Net debt                         | <u>511,948</u>            | <u>(700,145)</u> | <u>279,815</u>                  | <u>91,618</u>                  |

Non-cash changes relate to:

Cash at bank and in hand - relates to the gain on translation of the foreign subsidiary.

Convertible loan notes - relates to the conversion of 525,000 notes (10,500,000 shares) valued at £242,224 and a realised foreign exchange gain of £35,533.

There are no restrictions over the use of the cash and cash equivalents balances which comprises of cash at bank and in hand.

**21. Post balance sheet events**

Subsequent events have been evaluated up to the date that the financial statements were approved and authorised for issue by the Board of Directors. There have been no material events requiring adjustment or disclosure in these financial statements further to the events outlined below.

The Company undertook a small equity fund raise in February/March 2024 that falls within the Company's placement capacity. The Company received binding commitments for A\$601,250 via a placement of 8,016,666 CHESS Depositary Interests (CDIs) representing underlying ordinary shares in the Company. Allotment of the CDIs is expected to occur on Thursday 28 March 2024.

**22. Ultimate controlling party**

In the opinion of the Directors there is no one ultimate controlling party of the Company due to no one investor having sufficient voting rights to direct the operations of the company.