



ASX ANNOUNCEMENT | 24 March 2025

ASX:
SRJ

Appendix 4E and Accounts

SRJ Technologies Group Plc (ASX: SRJ) ("SRJ" or "the Company") advises the lodgement of the Appendix 4E and unaudited accounts follows.

– Ends –

This announcement has been authorised for release by the Board.

FOR FURTHER INFORMATION PLEASE CONTACT

George Gourlay

Non-Executive Chair, SRJ Technologies

E. info@srj-technologies.com

ABOUT SRJ TECHNOLOGIES

SRJ delivers a range of asset integrity products, consulting services and solutions to the energy and maritime industries.

Remote inspection services are provided utilising advanced robotics and custom UAV technologies. SRJ's specialised consulting services and range of containment management solutions enable customers to assure the integrity of new and ageing assets subject to ever more demanding regulatory pressures.

By providing advanced robotic and UAV systems, ACE (an SRJ Group company) is revolutionising asset inspection in terms of minimising human risk and providing accurate and repeatable inspection data. ACE is able to inspect the previously un-inspectable, delivering asset integrity assurance and management to the Energy and Marine industries. ACE has achieved accreditation with all the major Marine Class Societies.

SRJ's consulting expertise covers all areas of the asset integrity management value chain. Understanding the integrity risks our customers face generates high margin revenues and provides visibility of future product/solution needs particularly as assets degrade with age but require safe and efficient life extension.

SRJ's range of asset integrity products and solutions have gained industry approval across the energy sector and are now in use across the world. SRJ's products are designed to maintain and assure the integrity of pressure containment systems and therefore play an important role in the overall integrity of operating facilities.

Using pre-qualified service providers and manufacturers local to customer, SRJ is geolocation flexible and able to deliver a range of high quality, agile and cost-conscious solutions globally.

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28 February 2025

2024 Appendix 4E and Annual Report

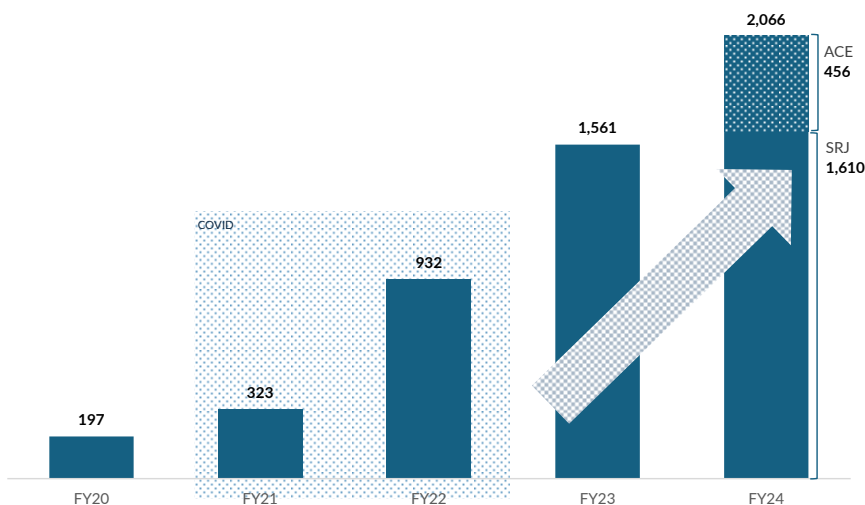
The Directors of SRJ Technologies Group Plc (ASX:SRJ) (SRJ or the Company or the Group) are pleased to provide the Appendix 4E and the unaudited financial statements for the year ended 31 December 2024.

Results Announcement

Revenue for the year of £2,065,654 (A\$4,172,621) reflects a 32% improvement on the previous year. Excluding the acquisition of Air Control Entech Limited ("ACE") from 21 August 2024 performance results in a 3% increase (2023: £1,561,020 (A\$2,917,078)).

The Group's sales pipeline remains robust, with active engagement in negotiations for multiple strategic contracts. While some contract awards have experienced timing adjustments, impacting short-term revenue recognition and the results for the year ended 31 December 2024, SRJ has maintained progress without any material loss of potential value. The Board and management remain confident in the Group's positioning to secure these contracts to build sustained growth and are confident of a strong performance in FY25.

Consolidated Revenue (£'000k)



2024 saw the Group make significant strides in expanding its service offerings and strengthening its foundation for future growth. The acquisition of ACE has enhanced its capabilities in remote inspection services, leveraging advanced drone, Remote Operating Vehicles (ROV), and crawler technologies. This acquisition underscores the Group's commitment to innovation and delivering cutting-edge solutions in the mechanical asset integrity and management sectors.

The Group is actively refining its execution and operational efficiency to position the company for long-term growth. While revenue targets for 2024 were not met, this has reinforced the importance of addressing inefficiencies and optimising performance. Ongoing improvements in SRJ's core operations and the integration of ACE are expected to drive stronger results and enhance the company's ability to capitalise on future opportunities.

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Appendix 4E Preliminary Final Report

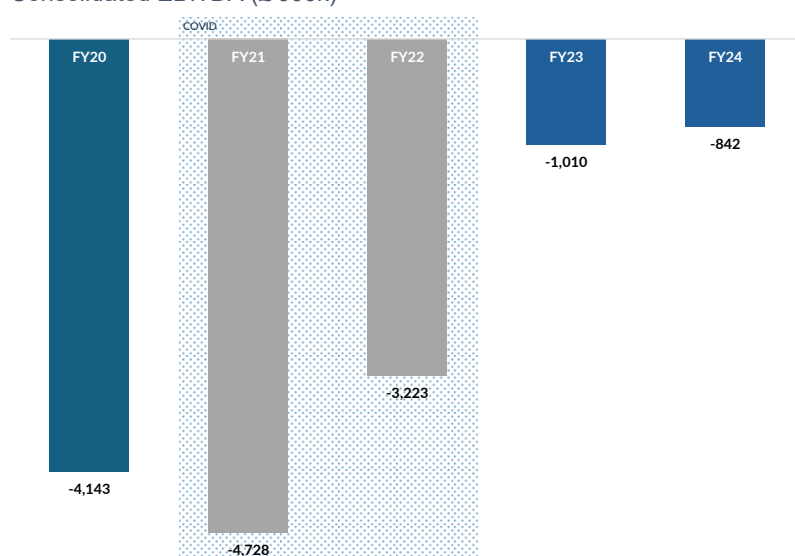
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A summary of key milestones achieved during 2024 that generated revenue in the year are detailed below (further details of each are available under the Company announcements on the ASX website):

- Secured an additional follow-on order with EFTECH International SDN BHD ("EFTECH") for SRJ BoltEx® in Malaysia with a value of A\$249k (US\$163.5k) for further asset integrity product solutions following EFTECH's successful implementation of SRJ products to its clients
- Secured significant follow-on purchase order with EFTECH for SRJ products and services for operators across Malaysia. The replenishment order was valued at A\$1.3m (USD\$830k) for further asset integrity product solutions of which 90% was delivered in 2024
- Purchase order secured from Single Buoy Moorings Inc to provide a range of consulting services to support the set-up, implementation and delivery of the asset integrity system for their fleet of operational FPSOs (A\$410k (GBP£211k)) of which approximately 50% was delivered in 2024
- Acquisition of ACE in August 2024 provided the Group with remote inspection services utilising advanced robotics and custom UAV technologies
- Following the acquisition of ACE, they announced the latest advancements in emissions monitoring technology, leveraging cutting-edge drone capabilities to meet the rigorous requirements of the Oil and Gas Methane Partnership 2.0 (OGMP 2.0). Partnering with five leading sensor technology providers, ACE has integrated advanced sensors into its drone fleet, delivering unparalleled emissions monitoring solutions, including up to level 5 emissions surveys

Consolidated EBITDA (£'000k)



The revenue delays flowed through to the EBITDA figures for FY24. The performance of the Group, excluding the acquisition and subsequent consolidation of ACE but including the other subsidiaries, compared to the prior year can be summarised below:

	2024	2023	% Change
	£	£	
Turnover (excl ACE)	1,610,058	1,561,020	+3.1%
EBITDA (excl ACE)	(850,909)	(1,010,015)	+15.8%

From 21 August 2024 the financial performance of ACE was consolidated into the Group's results due to the acquisition. This contributed £455,596 in Turnover and contributed a positive £9,064 EBITDA to the overall



Appendix 4E Preliminary Final Report

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negative EBITDA of £841,845. ACE results fell significantly below original forecasts released to the market because of delays in the awarding of contracts and the market was previously informed of this.

As a result of the acquisition goodwill of £9,408,074 was recognised which will be amortised over a 10-year period. The charge in this period was £342,815 reflecting the acquisition part way through the year and the total charge for amortisation of intangibles for the year was £463,893.

Cash and cash equivalents on the Balance Sheet totalled £636,986 at year end compared to £128,456 in the previous year which represents a 395.9% increase.

Entities over which control has been gained - acquisition of ACE

The Company executed a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited on 23 July 2024. ACE is a private company limited by shares incorporated in Scotland. The registered office is Units 12-13, Murcar Commercial Park, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW, United Kingdom.

Its principal activity is that of operation, design, manufacture and implementation of advanced robotics and drone technology for inspection solutions. The completion of the acquisition occurred on 20th August 2024. This transaction forms part of the strategy disclosed by the Company to the market of 'adopting digital technologies via organic growth and partnering or potentially acquiring niche players in the market that are driving digital transformation.' With the Energy industry now aggressively pursuing digital transformation, the provision of enabling technologies through the acquisition of ACE, will help drive the digitisation of a clients' asset integrity management and drive growth opportunities for the Company. The combination has generated significant cross-selling opportunities for both entities and created a structure in which ACE can expand globally with its current solutions which management believe will drive revenue growth.

Leadership Transition

During the year the Company undertook several strategic leadership transitions aimed at bolstering the Company's future growth and positioning it for expansion across core sectors, including oil and gas, maritime, and asset integrity management.

The appointment of George Gourlay as Non-Executive Chair, a proven leader with a track record of transformative growth, introduces further strategic vision alongside extensive operational expertise, which will be invaluable as SRJ embarks on its next growth phase. The appointment of David Milner as interim Chief Executive Officer (CEO) provides the continuity as the Company conducts a thorough search for a permanent CEO. The Company is in advanced stages of negotiation on this matter and will provide an update if this becomes contractual.

Alexander Wood's transition from CEO to a Non-Executive role will allow him to focus on the Company's strategic initiatives. An additional Non-Executive Director, Giles Bourne, who possess extensive board and corporate governance experience, was also appointed during the period.

Outlook

2025 will be a year of focused execution as the Group prioritise operational excellence and expand into high-growth markets such as Southeast Asia and the Middle East. The roadmap includes the launch of AI-powered tools, new offerings in asset integrity engineering, and further investments in its talented team and technologies.

The Group remain confident that the steps it is taking will enable SRJ to deliver long-term value to all stakeholders and reinforce its position as a global leader in operational integrity and emissions monitoring.

Additional information supporting the Appendix 4E disclosure can be found in the Annual Report which contains the 31 December 2023 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements prepared under UK GAAP for the year ended 31 December 2024 which are in the process of being audited by Grant Thornton.

Appendix 4E Preliminary Final Report

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Current period
Prior period

1 January 2024 - 31 December 2024
1 January 2023 - 31 December 2023

Results for announcement to the market

Key Information (GBP)	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Change %
Revenue from ordinary activities	2,065,654	1,561,020	32.9%
Net operating loss	1,358,498	1,145,669	(18.6%)
Loss after income tax and interest	1,390,046	1,287,675	(8.0%)
Loss attributable to ordinary equity shareholders	1,393,080	1,285,617	(8.4%)

Other disclosure requirements

Dividends

As the Company continues to progress its strategy, it will continue to invest operating cashflows into strategic growth, and the Board has elected not to declare a dividend in relation to the 2024 financial year (31 December 2023: £Nil). It is the intention of the Board to profitably grow and expand the business, and to ensure shareholders benefit from that growth and expansion through capital growth in the valuation of the Company's share price, and increased availability of returns for distribution. To this end, the Board will continue to update shareholders on its strategic progress.

Net tangible assets (GBP)	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Change %
Net tangible assets per ordinary share	0.00	0.00	-

– END –

Investor Inquiries

George Gourlay
Chair, SRJ Technologies
E. info@srj-technologies.com

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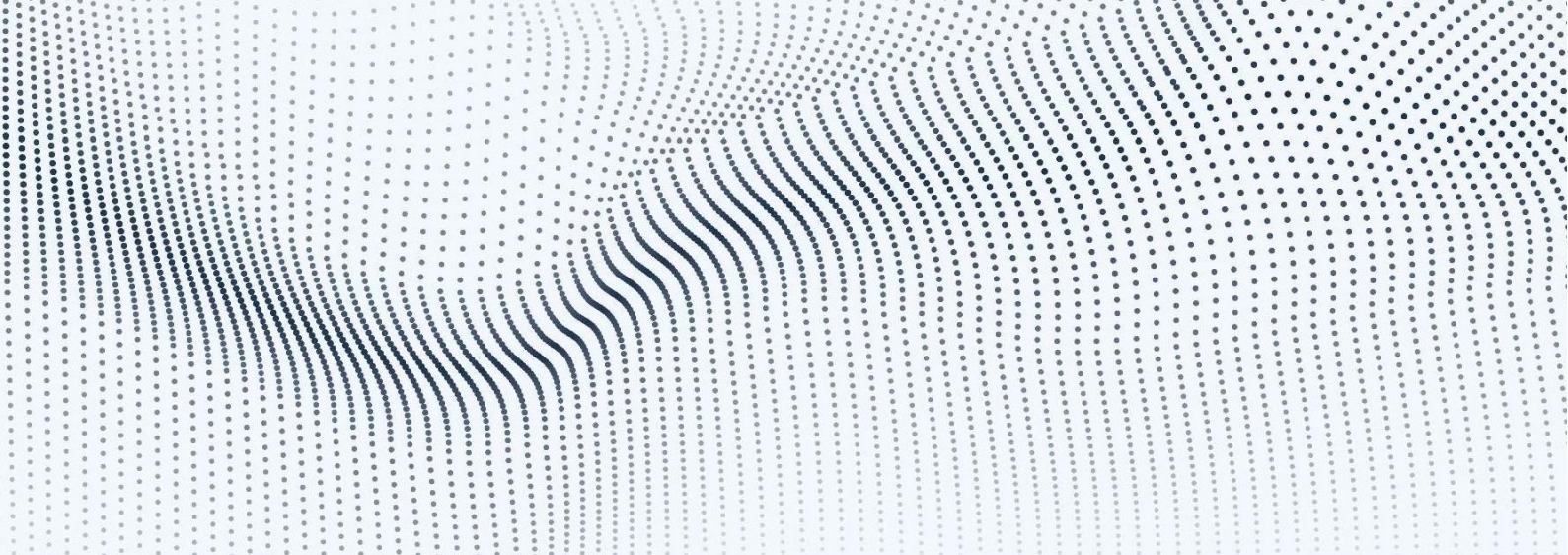
Unaudited Consolidated Financial Statements

SRJ Technologies Group Plc

ARBN 642 229 856

31 December 2024





SRJ Technologies Group Plc

Company Information

For the year ended 31 December 2024

Directors	George Gourlay Alexander Wood Robin Pinchbeck Roger Smith Stefan McGreevy Giles Bourne	(appointed 6 November 2024) (resigned 5 November 2024) (appointed 21 August 2024) (appointed 21 August 2024)
Company Secretary	Benjamin Donovan	
Registered Number	115590	
Registered Office <i>Jersey</i>	Le Quai House Le Quai d'Auvergne St Helier Jersey, JE2 3TN Telephone: +(44) 01534 626818	
<i>Australia</i>	c/- Argus Corporate Partners Pty Ltd Level 4, 225 St Georges Terrace Perth WA 6000 Telephone: +(61) 401 248 048	
Independent Auditor	Grant Thornton Kensington Chambers 46/50 Kensington Place St Helier Jersey JE1 1ET	
Accountants	Moore Stephens Accounting & Taxation Services (Jersey) Limited (formerly Bracken Rothwell Limited) 1 Waverley Place Union Street St Helier Jersey, JE4 8SG	
Bankers	Barclays Bank Plc 13 Library Place St Helier Jersey, JE4 8NE	
Lawyers	Mourant 22 Grenville Street St Helier Jersey, JE4 8PX	

SRJ Technologies Group Plc

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2024**

	Notes	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Turnover	4	2,065,654	1,561,020
Cost of sales		(576,539)	(251,986)
Gross profit		1,489,115	1,309,034
Administrative expenses		(2,920,237)	(2,539,029)
Other operating income	5	71,945	84,326
Interest received		679	-
Operating loss		(1,358,498)	(1,145,669)
Interest expense	6	(31,548)	(142,006)
Loss before taxation		(1,390,046)	(1,287,675)
Tax on loss	7	(3,034)	-
Loss for the financial year		(1,393,080)	(1,287,675)
Other comprehensive income:			
(Loss)/gain on translation of foreign subsidiary		(26,383)	2,058
Total comprehensive loss for the year		(1,419,463)	(1,285,617)
Total comprehensive loss for the year attributable to:			
Ordinary equity holders of the parent		(1,419,463)	(1,285,617)
<i>Earnings Per Share</i>			
Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent		(0.004)	(0.009)

There were no recognised gains and losses for the year ended 31 December 2024 or year ended 31 December 2023 other than those included in the consolidated statement of comprehensive income.

The notes on pages 28 to 45 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Financial Position
As at 31 December 2024**

		31 December 2024	<i>31 December 2023</i>
		£	£
Fixed assets	Notes		
Intangible assets	12	10,231,413	669,601
Tangible assets	13	215,263	38,082
		10,446,676	707,683
Current assets			
Inventory	14	84,266	84,470
Debtors: amounts falling due within one year	15	1,026,192	369,473
Cash and cash equivalents		636,986	128,456
		1,747,444	582,399
Current liabilities			
Creditors: amounts falling due within one year	16	(1,047,198)	(793,130)
Loans payable	17	(30,753)	(50,000)
		(1,077,951)	(843,130)
Net current assets / (liabilities)		669,493	(260,731)
Non-current liabilities			
Creditors: amounts falling due after one year	18	(183,171)	(28,678)
Net assets		10,932,998	418,274
Capital and reserves			
Issued share capital	21	77,943	30,848
Share premium account	21	30,031,265	18,141,907
Translation reserve		(17,913)	8,470
Retained earnings		(19,158,297)	(17,762,951)
		10,932,998	418,274

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

Stefan McGreevy
Director

Date:

The notes on pages 28 to 45 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2024**

	Called up share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Retained earnings £	Total equity £
At 1 January 2023	24,197	15,216,406	1,905,814	6,412	(16,475,276)	677,553
Total comprehensive loss for the year	-	-	-	2,058	(1,287,675)	(1,285,617)
CDIs issued during the year (note 21)	3,117	629,751	-	-	-	632,868
Issue of share capital in lieu of fees and repayment of convertible loan notes (note 9)	2,273	415,850	-	-	-	418,123
Issue of share capital on exercise of employee and NED rights (note 9)	1,261	1,879,900	(1,881,161)	-	-	-
Adjustment to SBPR re previous year (note 9)	-	-	(24,653)	-	-	(24,653)
At 31 December 2023	30,848	18,141,907	-	8,470	(17,762,951)	418,274
Adjustment to opening reserves at 1 January 2024 *	-	-	-	-	(2,266)	(2,266)
Total comprehensive loss for the year	-	-	-	(26,383)	(1,393,080)	(1,419,463)
CDIs issued during the year, net of transaction costs (note 21)	47,095	11,889,358	-	-	-	11,936,453
At 31 December 2024	77,943	30,031,265	-	(17,913)	(19,158,297)	10,932,998

* An adjustment has been made to opening reserves to record a rent expense for 2023 in the correct period. The effect is an increase in the reported loss for 2023 from £1,287,675 to £1,289,941. The comparative figures have not been restated as this amount is immaterial and FRS 102 allows for correction in the current period rather than restating prior-year comparatives.

The notes on pages 28 to 45 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2024**

	Notes	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Cash flows used in operating activities			
Loss for the financial year		(1,393,080)	(1,287,675)
Adjustments for:			
Amortisation of intangible assets		463,893	112,237
Depreciation of tangible assets		52,760	23,417
Loss on disposal of fixed assets		(11,258)	2,178
Interest paid		31,548	142,006
Interest received		(679)	-
Share based payments for directors' fees		-	(24,653)
Fees settled by issue of CDIs		-	175,899
Unrealised gain on foreign exchange		(8,200)	(9,094)
Decrease in inventory, net of acquisition		25,943	1,194
(Increase)/decrease in BoltEx® stock inventory		(4,367)	37,747
Decrease in debtors, net of acquisition		(327,950)	(2,863)
(Decrease)/increase in creditors, net of acquisition		(272,414)	55,374
Net cash used in operating activities		(1,443,804)	(774,232)
Cash flows from investing activities			
Purchase of intangible fixed assets		(74,910)	(18,985)
Purchase of tangible fixed assets		(64,804)	-
Acquisition of subsidiary, net of cash acquired		(4,879,898)	-
Interest received		679	-
Proceeds from disposal of fixed assets		38,956	-
Net cash used in investing activities		(4,979,977)	(18,985)
Cash flows from financing activities			
Issue of ordinary shares/CDIs		7,451,589	632,868
Transaction costs re issue of shares/CDIs		(840,753)	-
New finance leases		13,860	-
Repayments towards finance leases		(80,880)	(10,754)
Interest paid		(24,030)	(142,006)
Directors' loans		30,753	50,000
New loans		13,000	-
Invoice factoring		96,683	-
Repayment of loans		(2,796)	-
Repayment of directors' loans		(50,000)	(421,350)
Drawdown of convertible loan notes		345,630	775,602
Repayment of convertible loan notes		-	(497,845)
Net cash provided/(used in) from financing activities		6,953,056	386,515
Net decrease in cash and cash equivalents		529,275	(406,702)
Effect of changes in foreign exchange rate			
Effect of translating results of an overseas subsidiary		(26,383)	2,058
Effect of changes in foreign exchange rates on cash and cash equivalents		8,470	9,094
Realised foreign exchange gain on conversion/repayment of convertible loan notes		(2,832)	(35,533)
		(20,745)	(24,381)
Cash and cash equivalents at beginning of year		128,456	559,539
Cash and cash equivalents at the end of year		636,986	128,456
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		636,986	128,456

The notes on pages 28 to 45 form part of these financial statements.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

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 Limited incorporated in Australia which are all 100% owned by the Company deliver a range of asset integrity products, consulting services and solutions to the energy and maritime industries. The products are designed to maintain and assure the integrity of pressure containment systems and therefore play an important role in the overall integrity of operating facilities. The Asset Integrity Management consulting services help asset owners to develop and implement an effective asset integrity strategy. During the year the Company acquired 100% of the share capital of Air Control Entech Limited ("ACE"), incorporated in the United Kingdom. ACE provides remote inspection services utilising advanced robotics and custom UAV technologies. By providing advanced robotic and UAV systems, ACE is revolutionising asset inspection in terms of minimising human risk and providing accurate and repeatable inspection data thereby delivering asset integrity assurance and management to the Energy and Marine industries. 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.

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 incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2024 and the results of all subsidiaries for the year then ended.

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.

The consolidated financial statements incorporate the results of business combinations using the purchase method. Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated in full on consolidation. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group. 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 unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

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.

2.3 Going concern

The Group made a loss in the year in the amount of £1,393,080 (31 December 2023: £1,287,675) and as at 31 December 2024 was in a net asset position of £10,932,998 (31 December 2023: £418,274). 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 2024**

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

The Directors have a reasonable expectation that further sales of product/services and/or consulting fees will be achieved on top of those purchase orders already received for 2025 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.

The financial resources provided by expected sales are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis. It is however acknowledged that the Group may be required to undertake another fund raise either through debt or equity as a result of uncertainty over the timing of cash inflows and sales levels themselves.

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.

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.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

2. Summary of significant accounting policies (continued)

2.5 Revenue (continued)

Turnover

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 participates in a revenue sharing agreement, whereby the Group earns 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 are recognised as revenue in the period to which the rentals relate. The revenue recognised represents the net amount of revenue earned, which is 10% of the total revenue generated by the customer.

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

Other operating income

Other income includes 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 Grant income

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

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

2.8 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 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.

2.9 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.

2.10 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.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

2. Summary of significant accounting policies (continued)

2.11 Taxation

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in other income or equity - in which case, the tax is also recognised in other income or equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Group operates. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.12 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.

2.13 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.

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

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 relating to SRJ Limited and SRJ Technologies Limited, which first became available for use in 2017 when production and sale of the product commenced, 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 development costs relating to Air Control Entech Limited are amortised on a 20% straight line basis once commercially developed and complete so as to write off the cost or valuation of the assets less their residual values over their estimated useful lives of 5 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.

Goodwill, including costs directly attributable to business combinations

Goodwill arises on the acquisition of a business. On acquisition, fair values are attributed to the identifiable assets and liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value of the purchase consideration over the fair value of the assets and liabilities acquired.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

2. Summary of significant accounting policies (continued)

2.13 Intangible assets (continued)

Goodwill arising on the acquisition of a business is initially recognised as an asset at cost. After initial recognition, goodwill acquired in a business combination is recognised at cost less accumulated amortisation and accumulated impairment. Goodwill is considered to have a finite useful life of 10 years and is therefore amortised on a 10% straight line basis.

The goodwill 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.

2.14 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.

2.15 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.

Depreciation is provided on the following basis:

Office equipment	-	20%	Straight line basis
Computer equipment	-	20%-33%	Straight line basis
Plant and machinery	-	20%	Straight line basis
Motor vehicles	-	25%	Straight line basis
Leasehold property	-	20%	Straight line basis

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.

2.16 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.

2.17 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.

2.18 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.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

2. Summary of significant accounting policies (continued)**2.18 Cash and cash equivalents (continued)**

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.

2.19 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.

2.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.21 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 £.

2.22 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.

2.23 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.

SRJ Technologies Group Plc

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

2. Summary of significant accounting policies (continued)

2.23 Convertible debt (continued)

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.

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 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 Group. 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.

An impairment assessment was performed on goodwill arising on the acquisition of a business. Goodwill was tested for impairment within the context of the cash generating unit (CGU) to which it has been allocated (the business operations of the acquired company). This involved estimating the present value of the future cash flows expected to be generated by the CGU, discounted using an appropriate rate. From the current calculation, the recoverable amount is not lower than the carrying amount. The projections indicate that the future cash flows from these assets will exceed their carrying value. Therefore it was concluded that there was no impairment.

Useful life of intangible assets

The basis for estimating the useful life of intangible assets, including goodwill, is disclosed in note 11. The useful lives and amortisation methods for intangible assets are reviewed and adjusted prospectively, if appropriate, or if there is a significant change since the last reporting date

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:

31 December 2024					
	Revenue Sharing Income	Product sales	Rental income	Services rendered	Total
	£	£	£	£	£
Europe	-	156,573	-	627,481	784,054
Americas	-	260,645	-	-	260,645
Middle East & Africa	-	36,841	-	11,148	47,989
Asia	<u>28,725</u>	<u>940,677</u>	-	<u>3,564</u>	<u>972,966</u>
	<u>28,725</u>	<u>1,394,736</u>	-	<u>642,193</u>	<u>2,065,654</u>
31 December 2023 (as restated)					
	Revenue sharing income	Product sales	Rental income	Services rendered	Total
	£	£	£	£	£
Europe	-	153,313	-	55,112	208,425
Americas	-	181,417	-	26,301	207,718
Middle East & Africa	-	422,206	-	-	422,206
Asia	<u>7,332</u>	<u>697,016</u>	<u>13,177</u>	<u>5,146</u>	<u>722,671</u>
	<u>7,332</u>	<u>1,453,952</u>	<u>13,177</u>	<u>86,559</u>	<u>1,561,020</u>

The 2023 comparatives have been restated to show turnover geographically between markets, rather than where the turnover was derived from.

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Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

5. Other operating income	Year ended 31 December 2024 £	Year ended 31 December 2023 £
R&D tax credits	67,870	84,326
Grant income	4,075	-
	<u>71,945</u>	<u>84,326</u>

6. Interest payable	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Finance lease interest	7,624	2,063
Interest on drawdown of convertible loan notes ("OID")	-	111,012
Interest on conversion/early repayment of convertible loan notes	7,518	28,611
PAYE interest and penalties	7,152	-
General interest expense	9,254	320
	<u>31,548</u>	<u>142,006</u>

7. Taxation	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Current tax	3,034	-

Taxation is calculated at the rates prevailing in the respective jurisdictions of each group company. With the availability of tax losses, the only charge to tax is in relation to ACE and tax payable on the R&D Expenditure Credit (RDEC) calculation, at a rate of 25%.

8. Auditor remuneration	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Annual audit	62,500	44,000
Annual audit - under accrued previous year	91	-
Interim review	17,950	15,000
Non-audit services	-	1,620
	<u>80,541</u>	<u>60,620</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.

9. Share based payments

Following appointment in November 2024 as Chair of the Company, Mr George Gourlay became contractually entitled, subject to shareholder approval, to 1 million CDI's at nil cost. These equate to a value at year end using the year end share price of £0.024(A\$0.048) per share or £24,000.

The following options over were issued under the 'SRJ Technologies Employees Equity Incentive Plan' and/or the 'SRJ Technologies Equity Incentive Plan' during the period. The awards to Directors were approved at the EGM on 13 August 2024. The exercise price for the options is A\$0.115 per option. One option is equivalent to one ordinary share/CDI. There are no vesting conditions. The options will lapse on 12 November 2026. If exercised before this date the ordinary shares/CDI's issued will remain in escrow until 12 November 2026.

Key Management Personnel	Options awarded
Alexander Wood	3,000,000
Roger Smith	2,500,000
Stefan McGreevy	3,000,000
David Milner	1,000,000

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

9. Share based payments (continued)

A further 250,000 were awarded to non-Key Management Personnel under same terms. As part of his appointment to the interim Chief Executive Officer position, David Milner also received 1 million options with a nil exercise price for shares in the Company which will expire on 6 November 2026. Again, there were no vesting conditions for each of these options.

The total expense recognised in the statement of comprehensive income for the year was £nil (2023: £nil). The carrying amount at the end of the period for liabilities arising from share based payment transactions was £nil (2023: £nil).

Disclosure in relation to 2023 Performance and NED rights is as follows:

	No of Performance 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 volume-weighted average price (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 VWAP A\$	No of Performance 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.

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

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

NED Rights

	No of Performance 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:

- Mr Robin Pinchbeck - A\$45,250;
- Mr Grant Mooney - A\$21,247; and
- 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).

SRJ Technologies Group Plc

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

9. Share based payments (continued)

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.

10. Remuneration of key management personnel and employees

	Year ended 31 December 2024 £	Year ended 31 December 2023 £ <i>Restated</i>
Directors		
Salaries and fees	731,010	701,241
Pension and superannuation costs	17,722	16,066
Health insurance	12,139	8,923
	<u>760,871</u>	<u>726,230</u>
	Year ended 31 December 2024 £	Year ended 31 December 2023 £ <i>Restated</i>
Employees and consultants		
Wages and salaries	712,437	521,423
Pension and superannuation costs	50,854	52,277
Health insurance	11,064	15,169
	<u>774,355</u>	<u>588,869</u>

Note: 2023 has been restated to include D Milner (£65,892) within directors' remuneration for comparative purposes, being moved from employees and consultants.

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 15 (2023: 11)

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 £113,580 (2023: £48,868) was charged to cost of sales.

11. Acquisition of subsidiary

The Company executed a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited ("ACE") on 23 July 2024. ACE is a private company limited by shares incorporated in Scotland. The registered office is Units 12-13, Murcar Commercial Park, Denmore Road, Bridge of Don, Aberdeen, AB23 8JW, United Kingdom. Its principal activity is that of operation, design, manufacture and implementation of advanced robotics and drone technology for inspection solutions. The completion of the acquisition occurred on 20th August 2024. This transaction forms part of the strategy disclosed by the Company to the market of 'adopting digital technologies via organic growth and partnering or potentially acquiring niche players in the market that are driving digital transformation.' With the Energy industry now aggressively pursuing digital transformation, the provision of enabling technologies through the acquisition of ACE, will help drive the digitisation of a clients' asset integrity management and drive growth opportunities for the Company. The combination has generated significant cross-selling opportunities for both entities and created a structure in which ACE can expand globally with its current solutions which management believe will drive revenue growth.

SRJ Technologies Group Plc

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

11. Acquisition of subsidiary (continued)

The transaction was completed for a cash element of £4,500,000 with the balance by the issue of 175,249,279 of CDIs (the traded security of the ordinary shares) at a deemed issue price of A\$0.115 per CDI/Ordinary share, which equates to £15m purchase price. Given the recent related capital raise was at a CDI/share price of A\$0.055 the implied fair value of the CDI's issued to the sellers of ACE was A\$9,638,710 (£4,964,186). A further 558,445 CDIs were issued in December 2024 at a deemed \$0.04 (£111,115), being the share price at the date of issue. This brings the total value of the acquisition to £9,475,302 before taking into account directly attributable acquisition costs of £449,517.

The results for ACE have been consolidated in the Group's Consolidated Statement of Comprehensive Income from 21 August 2024.

Details of the acquisition are as follows:

	Fair value £
Fixed assets, including intangibles	735,827
Cash and cash equivalents	69,620
Trade and other receivables	328,769
Inventories	21,372
Trade and other payables	<u>(638,843)</u>
Net assets acquired	516,745
Goodwill	9,408,074
Acquisition cost, including directly attributable costs	<u>9,924,819</u>

The results for ACE from the date of acquisition (21 August 2024) are as follows:

	2024 £
Turnover	<u>455,596</u>
Loss for the period	<u>(47,197)</u>
EBITDA	<u>9,064</u>

12. Intangible fixed assets

	Goodwill £	Patents £	Development expenditure £	Total £
Cost				
At 1 January 2024	-	564,101	786,016	1,350,117
Additions from acquisition	-	-	542,721	542,721
Additions	9,408,074	14,690	60,220	9,482,984
At 31 December 2024	<u>9,408,074</u>	<u>578,791</u>	<u>1,388,957</u>	<u>11,375,822</u>
Amortisation				
At 1 January 2024	-	272,648	407,868	680,516
Charge for the year	342,815	51,249	69,829	463,893
At 31 December 2024	<u>342,815</u>	<u>323,897</u>	<u>477,697</u>	<u>1,144,409</u>
Net book value				
At 31 December 2024	<u>9,065,259</u>	<u>254,894</u>	<u>911,260</u>	<u>10,231,413</u>
At 31 December 2023	<u>-</u>	<u>291,453</u>	<u>378,148</u>	<u>669,601</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2024**

12. Intangible fixed assets (continued)

The patents and development costs relating to SRJ Limited and SRJ Technologies Limited, which first became available for use in 2017 when production and sale of the product commenced, 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 development costs relating to Air Control Entech Limited are amortised on a 20% straight line basis once commercially developed and complete so as to write off the cost or valuation of the assets less their residual values over their estimated useful lives of 5 years. The MAG Drone was brought into use by ACE from June 2023 (i.e. pre acquisition) so the associated development costs of £71,915 (being fair value to the Group at acquisition) are being amortised over the remaining estimated useful life of 3.75 years (so that the asset is fully amortised over its estimated useful life of 5 years overall). The remaining development costs of ACE of £531,026 have not yet been commercialised and therefore have yet to be amortised.

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.

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 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. During the period, indicators of impairment were identified. As a result, the Directors conducted a full impairment test in accordance with FRS 102, considering both external and internal factors. Based on this assessment, no impairment was identified.

Goodwill arising on the acquisition of a business is initially recognised as an asset at cost. After initial recognition, goodwill acquired in a business combination is recognised at cost less accumulated amortisation and accumulated impairment. Goodwill is considered to have a finite useful life of 10 years and is therefore amortised on a 10% straight line basis.

The remaining amortisation period of the goodwill is 9 years.

The goodwill 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.

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**Notes to the Consolidated Financial Statements
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13. Tangible fixed assets

	Motor vehicles £	Leasehold improvements £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 January 2024	56,399	-	23,326	12,250	30,521	122,496
Additions from acquisitions	19,469	34,458	126,880	3,718	8,580	193,105
Additions	-	-	63,657	-	1,147	64,804
Disposals	(56,399)	-	(5,991)	-	-	(62,390)
At 31 December 2024	<u>19,469</u>	<u>34,458</u>	<u>207,872</u>	<u>15,968</u>	<u>40,248</u>	<u>318,015</u>
Depreciation						
At 1 January 2024	30,362	-	14,582	10,180	29,291	84,415
Charge for the year	11,130	3,378	34,120	1,794	2,338	52,760
Written back on disposals	(34,423)	-	-	-	-	(34,423)
At 31 December 2024	<u>7,069</u>	<u>3,378</u>	<u>48,702</u>	<u>11,974</u>	<u>31,629</u>	<u>102,752</u>
At 31 December 2024	<u>12,400</u>	<u>31,080</u>	<u>159,170</u>	<u>3,994</u>	<u>8,619</u>	<u>215,263</u>
<i>At 31 December 2023</i>	<u>26,037</u>	<u>-</u>	<u>8,744</u>	<u>2,070</u>	<u>1,230</u>	<u>38,081</u>

No indicators of impairment were noted during the period hence no impairment expense was recognised (2023: £nil).

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For the Year Ended 31 December 2024**

14. Inventory	31 December 2024	<i>31 December 2023</i>
	£	£
BoltEx® stock	64,051	59,684
Inventory of parts - at cost	20,215	24,786
	84,266	84,470

Management undertook an assessment of the value of parts alongside a Senior Engineer from SRJ. Obsolete stock of £24,872 has been written off to administration expenses in the year. For remaining stock, 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® stock) initially used by the Group for leasing to third parties changed to primarily being a selling model during 2023. As such, the fixed assets were reclassified to inventory in 2023 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.

15. Debtors	31 December 2024	<i>31 December 2023</i>
	£	£
Trade debtors	727,851	261,554
Other debtors	53,195	50,465
Prepayments and accrued income	245,146	57,454
	1,026,192	369,473

16. Creditors: Amounts falling due within one year	Note	31 December 2024	<i>31 December 2023</i>
		£	£
Hire purchase and finance leases payable	19	32,585	8,160
Trade creditors		464,815	474,109
Deferred income		16,000	101,101
Invoice financing		96,683	-
Loans	18	6,910	-
Accruals and other payables		430,205	209,760
		1,047,198	793,130

17. Loans payable	31 December 2024	<i>31 December 2023</i>
	£	£
Directors' loans	30,753	50,000

In December 2023, £50,000 was loaned to the Group by one of the directors. The loan was unsecured, interest free and repayable by 15 January 2024. This was subsequently repaid on 4 January 2024.

In December 2024, £30,753 was owed by the Group to one of the directors of ACE, the subsidiary company. The loan is unsecured and interest free, with no fixed repayment date.

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Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

18. Creditors: Amounts falling due after one year	Note	31 December 2024	31 December 2023
		£	£
Hire purchase and finance lease payable	18	31,225	28,678
Loans payable		151,946	-
		<u>183,171</u>	<u>28,678</u>

The loans payable comprise the following. The Santander bank loan outstanding of £31,450 is supported by the Bounce Back Loan Scheme, with £5,915 due within one year and £25,534 due after one year. The loan is unsecured. The interest rate charged on the loan is fixed at 2.5%pa and the loan is repayable over 60 consecutive monthly instalments commencing in June 2021, with a maturity date of May 2030. The loan outstanding from Net Zero Technology Centre for £120,360 (all due after one year) is unsecured and interest free and has a maturity date of August 2027. The loan outstanding from the Energy Saving Trust of £7,046 (£995 due within one year and £6,051 due outside one year) is unsecured and interest free, and repayable over 96 monthly instalments commencing February 2024.

19. Hire purchase and finance lease obligations	31 December 2024	31 December 2023
	£	£
Future minimum lease payments due under hire purchase and finance leases:		
Not later than one year	32,585	8,160
Later than one year and not later than five years	31,225	28,678
Later than five years	-	-
	<u>63,810</u>	<u>36,838</u>

The hire purchase and finance leases are secured over the assets to which they relate.

20. Convertible debt

The Group commenced a fund raise in June 2024 to issue A\$800,000 of convertible loan notes to investors, with funds of A\$662,500 (£342,797) secured by July 2024. Convertible notes for A\$621,250 (£322k) were issued in July 2024 and A\$41,250 (£21k) issued in August 2024. The loan notes were issued for consideration of their face value, being A\$1 per note, and have a maturity date of 12 months after the issue date. Interest is charged at 12% and is charged to the Consolidated Statement of Comprehensive Income for the period. The notes were automatically converted into equity shares on the conversion date, being the date that the Company completed the Alternative Capital Raising, based on the lower of:

- a) the price at which the CDIs are issued under the Alternative Capital Raising; and
- b) A\$0.075.

On 20 August 2024, the loan notes, with accrued interest, were converted into CDIs totalling 12,309,637 at a value of \$677,030 (£350,316), this being based on the price issued under the Alternative Capital Raising of A\$0.055.

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. The conversion feature for this convertible loan facility is set out above, with the notes automatically converting into equity when a predetermined trigger event occurs (being the Alternative Capital Raising). For the convertible loan facility, the Company has no unconditional ability to avoid settling at the maturity date. Investors retain control and can 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 criterion 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 because the holders have the option to convert their notes into a variable number of shares based on the lower of two amounts (a fixed price of A\$0.075 or the price at which CDIs are issued under the Alternative Capital Raising). This variability in the number of shares to be issued means that the conversion feature does not satisfy the fixed-for-fixed criterion under FRS 102. As a result, the convertible debt does not contain an equity component and is wholly classified as a financial liability until any conversion occurs. The liability is treated as a basic financial instrument measured at amortised cost, as FRS 102 does not use the term 'embedded derivative' and does not require companies applying Sections 11 and 12 of FRS 102 to separate the host contract from any embedded derivative. Since the notes have automatically converted in the year, they are classified as equity at the reporting date.

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Notes to the Consolidated Financial Statements For the Year Ended 31 December 2024

20. Convertible debt (continued)

On 15 February 2023, the Company signed an agreement for a convertible loan facility with Mercer Street Global Opportunity Fund LLC ("Mercer"). In September 2023, the Company settled all remaining convertible loan notes issued. As part of the convertible loan note 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 period's 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 period's Statement of Comprehensive Income. Management will undertake a similar assessment at the end of each reporting period.

21. Issued capital

	31 December 2024	31 December 2023
	£	£
Allotted, called up and fully paid		
623,542,578 (2023: 169,664,930) Ordinary shares of £0.000125 (2023: £0.00018181819 each)	77,943	30,848

A resolution was passed at the Company's AGM on 13 August 2024 to increase the authorised share capital from £100,000 divided into 550,000,000 shares of £0.00018181818 each to £100,000 divided into 800,000,000 shares of £0.000125 each.

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

	31 December 2024		
	Shares in issue	Share capital	Share premium
		£	£
Allotted, called up and fully paid			
Brought forward	169,664,930	30,848	18,141,907
Issued to investors, net of transaction costs (i)	453,877,648	47,095	11,889,358
At 31 December 2024	623,542,578	77,943	30,031,265

(i) During the year an additional 453,877,648 shares were issued for total consideration of £12,853,095 (A\$24,954,864). Transaction costs relating to the share issues of £916,643 have been written off against the share premium arising in the issue.

The above includes the conversion of 662,500 convertible loan notes plus accrued interest (12,309,637 shares) valued at £350,316 (£342,798 loan notes plus £7,518 interest).

	31 December 2023		
	Shares in issue	Share capital	Share premium
		£	£
Allotted, called up and fully paid			
At 31 December 2023	169,664,930	30,848	18,141,907

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.

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22. 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 £15,000 (31 December 2023: £23,250), equivalent to £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 £87,751 (2023: £65,092).

Jindabyne Capital Pty Ltd, a related party by virtue of having a significant shareholding in the Company, charged consultancy fees of £189,170 (\$366,670) to the Company during the year (2023: £32,107).

During the year key management personnel (defined as all directors of the Company and Technical Director) of the Group received total compensation of £760,870 (31 December 2023: £726,230) of employment and post-employment benefits and £nil awards of share based payments (31 December 2023: £nil). See note 9 for further analysis of directors' remuneration.

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

Key Management Personnel Securities

George Gourlay	1,000,000 Ordinary shares/CDIs
David Milner	3,295,539 Ordinary shares/CDIs
Giles Bourne	371,612 Ordinary shares/CDIs
Alexander Wood	2,050,336 Ordinary shares/CDIs
Roger Smith	2,212,570 Ordinary shares/CDIs
Stefan McGreevy	1,140,000 Ordinary shares/CDIs
Paul Eastwood	760,000 Ordinary shares/CDIs
Robin Pinchbeck	2,906,366 Ordinary shares/CDIs

Further to the Ordinary Shares held directly by Alexander Wood and Stefan McGreevy there are 25,791,164 Ordinary Shares held by AVI Partners Limited, a company in which Alexander Wood holds 18.0% and Stefan McGreevy 5% of the issued shares. AVI Partners has a shareholding of 4.14% of the undiluted shares in issue of the Group.

23. 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, rented offices for £15,500 per annum under a lease that expired on 6 January 2024. New lease terms for a property run by the same property management company were negotiated and signed on 17 February 2025 for the sum of £11,400 per annum for a 6 year lease with a break clause after 2 years. The address of the new offices is Brokers' Office A.2.1, Huntsman Road, Hamble Point Marina, Southampton.

SRJ Tech Australia Pty Ltd rents offices for A\$1,850 per month on a rolling three-month lease.

Air Control Entech Limited leases offices at Murcar House, Denmore Road, Aberdeen at an annual rental of £22,500 per annum until 31 December 2028. The company also leases Units 12 and 13, Murcar Commercial Park, Aberdeen at an annual rental of £23,000 per annum until 30 November 2028.

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**Notes to the Consolidated Financial Statements
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24. Analysis of changes in net debt

	At 1 January 2024	Cash flows	Acquisition of subsidiary (net cash outflow)	Other non- cash changes	At 31 December 2024
	£	£	£	£	£
Cash and cash equivalents					
Cash at bank and in hand	128,456	5,414,811	(4,879,898)	(26,383)	636,986
Borrowings					
Finance lease	(36,838)	67,020	(93,992)	-	(63,810)
Other loans	-	6,040	(164,896)	-	(158,856)
Invoice financing	-	(96,683)	-	-	(96,683)
Convertible loan notes	-	(342,797)	-	342,797	-
Borrowings total	(36,838)	(366,420)	(258,888)	342,797	(319,349)
Net debt	91,618	5,048,391	(5,138,786)	316,414	317,637

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

Net cash (outflow)/inflow on acquisition of subsidiary comprises:

	2024 £	2023 £
Cash element for acquisition	(4,500,000)	-
Acquisition costs	(449,517)	-
Cash acquired on acquisition	69,619	-
	(4,879,898)	-

Non-cash changes relate to:

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

Convertible loan notes - relates to the conversion of 662,500 notes (12,309,637 shares) valued at £342,797 (2023: 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.

25. 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.

26. 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.