ASX ANNOUNCEMENT

CODE: SRJ

28 February 2022

2021 Appendix 4E and Preliminary Financial statements

The Directors of SRJ Technologies Group Plc (ASX:SRJ) (SRJ or the Company) are pleased to provide the Appendix 4E and the preliminary financial statements for the year ended 31 December 2021.

Results Announcement

The Board is pleased to present SRJ's preliminary financial results for the financial year ending 31 December 2021.

Revenue for the year of £323k (A$591k) was below management expectations despite a significant improvement on the prior year (2020: £196k (A$365k). This shortfall in expectations can be directly attributed to COVID-19 and the consequent delays in shut down and maintenance activities within the industry.

H2 FY21 saw an increase in activity and by the year end the Company had secured purchase orders in FY21 of £1.1m (A$2.1m). From the start of FY22 the Company has already secured purchase orders for approx. £777k (A$1.4m) for the FY22 period.

Having spent 2020 focussed on defining its strategy, its operations and its pathway to future growth, 2021 was about delivering on this. Whilst the results were below management's original expectations, the purchase orders secured for FY22 resulting from repeat business with clients including ADNOC, SBM Offshore and MODEC, provide firm evidence that the Company is delivering on its strategy.

Without question the global pandemic hindered progress but the team worked hard to secure projects and drive demand for the Company's solutions. With early signs of a recovery in the industry and the markets, together with a strengthening oil price, management are optimistic for solid revenue growth in FY22. With secured purchase orders from the start of the year already more than double FY21 revenues, the Company are well placed and to continue to drive revenue performance.

A summary of key milestones achieved during 2021, include the following:

Q1

- Mitsui & Co (Australia) strategic alliance delivers initial; purchase orders from MODEC, Woodside Energy and Saudi Basic Industries Corporation (SABIC)
- Agency agreement signed with EuroMechanical in UAE to enable participation in regional tenders including ADNOC
- Purchase orders received from SBM Offshore and PSSS

Q2

- Bolting campaign awarded for MODEC FPSO in West Africa
- SRJ Coupling order for MODEC offshore New Zealand
- SABIC additional leak containment purchase orders
- SBM Offshore engage SRJ for asset integrity consulting for the design of new FPSO's

Q3

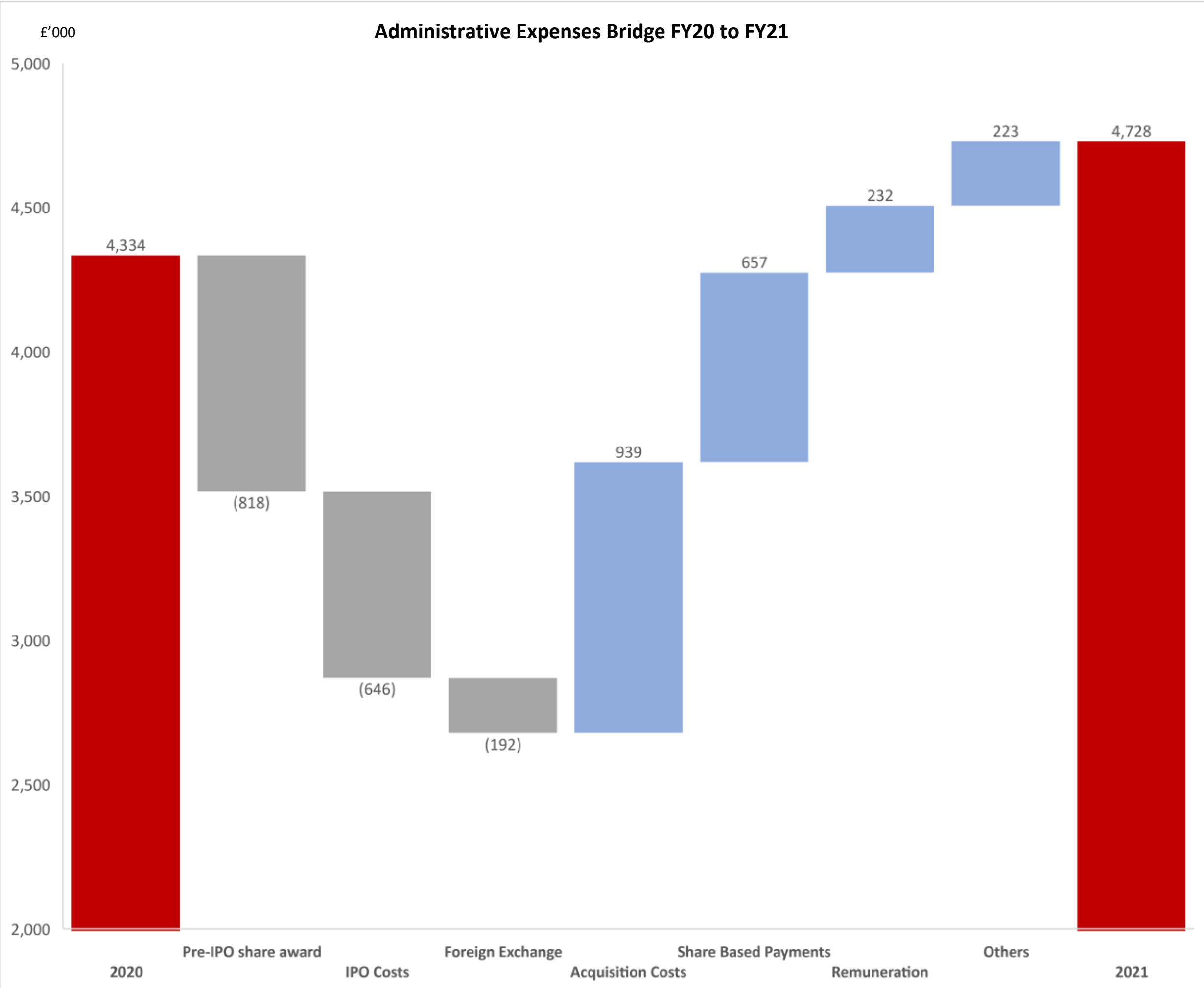
- First order in UAE with Abu Dhabi National Oil Company (ADNOC) for Phase 1 of an asset integrity project on Das Island
- Consulting contract for safety system integrity on SBM Offshores' FPSO vessels
- Successful trial of SRJ Coupling with Keppel FELS
- Secured consulting agreement with Natural Ocean Well Co to provide expert engineering consultancy on an offshore desalination system
- Partnership with Curtin University and SixDe Pty Ltd to develop hydrogen compatible pipe technology
- Adopted an Environmental, Social and Governance (ESG) framework

Q4

- Execution of a Share Purchase Agreement to acquire 100% of STATS (UK)
- Secured Phase 2 of the asset integrity contract in UAE with ADNOC
- Commenced hydrogen compatible pipe technologies project
- Establishment of a strategic committee with Mitsui & Co (Australia) Ltd

Cash and cash equivalents on the Balance Sheet is £1,097k at year end, representing a decrease in cash of £2,915k (265%) from the previous year.

Administrative expenses increased from £4,334k in 2020 to £4,728k in 2021. Detailed below is an Administrative Expenses Bridge that explains the fluctuation in expenses between 2020 and 2021. Pre-IPO Share award and the IPO costs related to non-recurring costs in 2020. The Acquisition costs relate to due diligence and initial capital raise costs surrounding the potential acquisition of STATS (UK) Limited. The Share based Payments increase relates to a full years P&L non-cash charge for employee performance rights issued as part of the IPO in September 2020. The cost of such performance rights is spread over the period from grant to vesting date. Whilst the Remuneration increase reflects a full year's charge of the senior appointments made in 2020 alongside additional staff appointments.



Additional information supporting the Appendix 4E disclosure can be found in the Annual Report which contains the Directors' Report and the 31 December 2021 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements prepared under UK GAAP for the year ended 31 December 2021 which are in the process of being audited by Grant Thornton.

Appendix 4E Preliminary Final Report

CODE: SRJ

Current period	1 January 2021 - 31 December 2021
Prior period	1 January 2020 - 31 December 2020

Results for announcement to the market

Key Information (GBP)	**Year ended 31 Dec 2021**	Year ended 31 Dec 2020	Change %
Revenue from ordinary activities	**323,091**	196,925	64
Net operating loss	**4,390,269**	4,143,064	6
Loss after income tax and interest	**4,392,002**	4,143,439	6
Loss attributable to ordinary equity shareholders	**4,385,677**	4,156,052	6

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 2021 financial year (31 December 2020: £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 valuation of Company share price, and 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 2021**	Year ended 31 Dec 2020	Change %
Net tangible assets per ordinary share	**0.01**	0.03	(66)

– END –

Investor Inquiries
Alexander Wood
CEO, SRJ Technologies
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This announcement has been authorised for release by the Board.

ABOUT SRJ TECHNOLOGIES

SRJ Technologies provides specialised engineering services and containment management solutions, elevating customer's integrity management performance.

We see real value in offering a wider range of asset integrity consulting services helping our customers to better understand the operational risks and where best to focus resource to minimise these risks.

SRJ's range of industry accredited 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.

SRJ Technologies Group Plc

Preliminary Consolidated Financial Statements

For the year ended 31 December 2021

Company information

Directors	Alexander Wood Robin Pinchbeck Grant Mooney Andrew Mitchell
Company secretary	Benjamin Donovan
Registered number	115590
Registered office	
Jersey	Le Quai House Le Quai d'Auvergne St Helier Jersey, JE2 3TN Telephone: +(44) 01534 626818
Australia	Level 4, 225 St Georges Terrace Perth WA 6000 Telephone: +(61) 8 9482 0500
Independent auditor	Grant Thornton Limited Kensington Chambers 46/50 Kensington Place St Helier Jersey, JE1 1ET
Accountants	Bracken Rothwell Limited 2nd Floor, The Le Gallais Building 54 Bath Street St Helier Jersey, JE1 1FW
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

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Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	4	**323,091**	*196,925*
Cost of sales		**(115,871)**	*(77,892)*
Gross profit		**207,220**	*119,033*
Administrative expenses		**(4,727,551)**	*(4,333,522)*
Other operating income	5	**130,062**	*71,425*
Operating loss		**(4,390,269)**	*(4,143,064)*
Interest payable and expenses		**(1,733)**	*(375)*
Loss for the financial year		**(4,392,002)**	*(4,143,439)*
Other comprehensive income:			
Gain/(loss) on translation of foreign subsidiary		**6,325**	*(12,613)*
Total comprehensive loss for the year		**(4,385,677)**	*(4,156,052)*
Total comprehensive loss for the year attributable to:			
Ordinary equity holders of the parent		**(4,385,677)**	*(4,156,052)*
Earnings Per Share Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent		**(0.04)**	*(0.12)*

There were no recognised gains and losses for the year ended 31 December 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 5 to 17 form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	31 December 2021 £	*31 December 2020 £*
Fixed assets			
Intangible assets	10	**832,766**	*897,779*
Tangible assets	11	**273,456**	*40,842*
		1,106,222	*938,621*
Current assets			
Inventory	12	**24,516**	*18,125*
Debtors: amounts falling due within one year	13	**277,405**	*145,937*
Cash at bank and in hand	14	**1,097,367**	*4,012,248*
		1,399,288	*4,176,310*
Current liabilities			
Creditors: amounts falling due within one year	15	**(912,091)**	*(98,079)*
Net current assets		**487,197**	*4,078,231*
Non-current liabilities			
Creditors: amounts falling due after one year	16	**(45,422)**	*-*
Net assets		**1,547,997**	*5,016,852*
Capital and reserves			
Called up share capital	17	**21,639**	*21,639*
Share premium account	17	**13,606,004**	*13,606,004*
Share based payment reserve	7	**1,176,588**	*259,766*
Translation reserve		**(6,288)**	*(12,613)*
Profit and loss account		**(13,249,946)**	*(8,857,944)*
		1,547,997	*5,016,852*

The financial statements were approved and authorised for issue by the board on 28 February 2022 and were signed on its behalf by:

Name: Alexander Wood
Director

Date: 28 February 2022

The notes on pages 5 to 17 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Called up share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Profit and loss account £	Total equity £
At 1 January 2020	*14,667*	*4,574,028*	-	-	*(4,714,505)*	*(125,810)*
Total comprehensive loss for the year	-	-	-	*(12,613)*	*(4,143,439)*	*(4,156,052)*
Shares issued during the year (note 17)	*611*	*817,168*	-	-	-	*817,779*
CDIs issued during the year (note 17)	*6,361*	*8,214,808*	-	-	-	*8,221,169*
Issue of share awards (note 7)	-	-	*259,766*	-	-	*259,766*
At 31 December 2020	*21,639*	*13,606,004*	*259,766*	*(12,613)*	*(8,857,944)*	*5,016,852*
Total comprehensive loss for the year	**-**	**-**	**-**	**6,325**	**(4,392,002)**	**(4,385,677)**
Issue of share awards (note 7)	**-**	**-**	**916,822**	**-**	**-**	**916,822**
At 31 December 2021	**21,639**	**13,606,004**	**1,176,588**	**(6,288)**	**(13,249,946)**	**1,547,997**

The notes on pages 5 to 17 form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Cash flows used in operating activities		
Loss for the financial year	**(4,392,002)**	*(4,143,439)*
Adjustments for:		
Amortisation of intangible assets	**104,488**	*100,171*
Depreciation of tangible assets	**74,125**	*9,181*
Government grants	**-**	*(58,243)*
VAT liability written off	**-**	*(13,182)*
Interest paid	**1,733**	*383*
Bad debt written off	**-**	*3,270*
Share based payments for consultancy fees	**-**	*817,767*
Unvested share based payments awarded	**916,822**	*259,766*
Unrealised loss on foreign exchange	**118,224**	*56,905*
Increase in stocks	**(6,391)**	*(18,125)*
(Increase)/decrease in debtors	**(131,468)**	*61,301*
Increase/(decrease) in creditors	**805,825**	*(149,326)*
Net cash used in operating activities	**(2,508,644)**	*(3,073,571)*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(39,475)**	*(47,492)*
Purchase of tangible fixed assets	**(246,384)**	*(41,479)*
Government grants received	**-**	*58,243*
Net cash used in investing activities	**(285,859)**	*(30,728)*
Cash flows from financing activities		
Issue of ordinary shares	**-**	*4,562,808*
Repayments towards finance lease	**(6,746)**	*-*
Payment of transaction costs relating to the issue of shares	**-**	*(294,657)*
Repayment of loans	**-**	*(1,725)*
Interest paid	**(1,733)**	*(383)*
Issuance of convertible loan notes	**-**	*1,728,039*
Net cash (used in)/provided from financing activities	**(8,479)**	*5,994,082*
Net increase/(decrease) in cash and cash equivalents	**(2,802,982)**	*2,889,783*
Effect of changes in foreign exchange rate		
Effect of translating results of an overseas subsidiary	**6,325**	*(12,613)*
Effect of changes in foreign exchange rates on cash and cash equivalents	**(118,224)**	*(56,905)*
	(111,899)	*(69,518)*
Cash and cash equivalents at beginning of year	**4,012,248**	*1,191,983*
Cash and cash equivalents at the end of year	**1,097,367**	*4,012,248*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,097,367**	*4,012,248*

Notes to the consolidated financial statements
For the year ended 31 December 2021

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.

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 polices 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 £4,394,158 (31 December 2020: £4,143,439) and as at 31 December 2021 was in a net asset position of £1,545,841 (31 December 2020: £5,016,852).

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 2022 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 proposed capital raise to fund the potential acquisition of STATS (UK) Limited and provide additional working capital has been temporarily delayed. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company is in negotiation with investors that secures interim funding via a convertible note. The specific terms of this offer are expected to be 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.

The volatility created by COVID-19 has affected and will undoubtedly change business practices in the industry the Group operates in, which the Group anticipates will see clients and target clients operating in different ways to the norm. The effect of lockdowns, and workforce and other labour shortages resulted in expected operating expenditure on maintenance projects in 2020 and 2021 by potential customers of the Group being delayed or cancelled. The COVID-19 pandemic continues to evolve and the Group anticipates that works delayed in 2021 will begin to flow through as product sales and consulting work in 2022 and beyond. Receipt of recent purchase orders support this view. The Directors consider the Group to be well positioned to deliver solutions on these delayed scopes and campaigns in the future.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency

Functional and presentation currency

The Company and the Group's functional and presentational currency is Pound Sterling (£).

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

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, including 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.

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 is not significantly affected by seasonality or cyclicality of operations.

Other revenue 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. Summary of significant accounting policies (continued)

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 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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated 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 Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

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

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.

2.11 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.

2.12 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. Summary of significant accounting policies (continued)

2.13 Impairment of assets
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.

2.14 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%
Computer equipment	-	33%
Plant and machinery	-	20%
Seal moulds	-	33%
Rental equipment	-	33%
Motor vehicles	-	10%

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.

2.15 Investment in subsidiaries
Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks
Stocks 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.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable 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.

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. Summary of significant accounting policies (continued)

2.19 Creditors

Short term creditors are measured at the transaction price. Other 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 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 £.

2.21 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.

2.22 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Consolidated Statement of Financial Position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

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 debt and equity elements are 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.

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. Based on the Board's expectations, as outlined in the going concern assessment of the Group, the Directors are confident that the future expected return from sales and services for the Group is sufficient to assume there are no indicators of impairment in respect of the IP of the Group.

Useful life of intangible assets

The basis for estimate the useful life of intangible assets is disclosed in note 10.

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Contingent liabilities

The Group is currently subject to a threatened patent infringement case by Irgens Engineering AS relating to the "BoltEx" product that SRJ is planning to market in the United Kingdom versus an alternative device marketed by Hydratight. Hydratight purports to be the exclusive licensee of the Irgens patent, and so the allegation of patent infringement comes from Hydratight, via Irgens Engineering AS. Counsel for the Group has applied for revocation of the patent held by Irgens Engineering AS on the grounds of invalidity for want of novelty and/or inventive step as well as for insufficiency. A hearing was held in relation to this on 18 December 2021 and the Group await a decision to be handed down by the UKIPO.

Counsel estimates that the likelihood of the application for revocation of the Irgens patent to be greater than 50%. Considering this advice, the directors do not consider it probable that the patent be declared valid and that the threatened litigation be allowed to continue. As the ultimate outcome cannot presently be determined and no provision for any liability that may result has been made in the financial statements and the matter has been disclosed as a contingent liability.

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	31 December 2021		
	Product sales	**Services rendered**	**Total**
	£	**£**	**£**
Jersey	**84,615**	**-**	**84,615**
United Kingdom	**-**	**166,267**	**166,267**
Australia	**69,478**	**2,731**	**72,209**
	154,093	**168,998**	**323,091**

	31 December 2020		
	Product sales	*Services rendered*	*Total*
	£	*£*	*£*
Jersey	*-*	*51,682*	*51,682*
United Kingdom	*-*	*9,165*	*9,165*
Australia	*129,477*	*6,601*	*136,078*
	129,477	*67,448*	*196,925*

5. Other operating income

	Year ended 31 December 2021	*Year ended 31 December 2020*
	£	*£*
R&D tax credits received	**127,489**	-
Loan written off	**2,572**	-
Government grants receivable	-	*58,243*
VAT liability written off	-	*13,182*
	130,061	*71,425*

6. Auditor remuneration

	Year ended 31 December 2021	*Year ended 31 December 2020*
	£	*£*
Annual and interim audit	**54,511**	*31,000*
Non-audit services	**456,875**	*64,078*
	511,386	*95,078*

Non-audit services are provided by Grant Thornton Limited (Channel Islands), Grant Thornton UK LLP and Grant Thornton Australia Limited.

7. Share based payments

	No of Performance Rights
Non-Executive Directors and consultants	**580,000**
Management and employees	**7,434,000**
	8,014,000

Under the EIPs, 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 VWAP A$	No of Performance Rights
Tranche 1	0.60	4,024,000
Tranche 2	0.65	2,470,000
Tranche 3	0.75	1,520,000

The 15-day VWAP target for all three tranches was met during the year therefore the VWAP criteria of Tranches 1 and 2 were achieved. Tranche 3 has additional performance criteria that will not become achievable until the vesting date in September 2022. On the grant date, the CDIs had fair value of A$0.50 each. The expense to the Group in 2021 based on qualifying PRs issued is analysed as follows;

	Fair value per CDI A$	No of Performance Rights	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Directors remuneration	0.50	5,320,001	**751,077**	*212,804*
Staff remuneration	0.50	973,999	**135,256**	*38,323*
Consultancy fees	0.50	200,000	**30,490**	*8,639*
			916,823	*259,766*

The PRs will vest on 18 September 2022 for all parties that qualify under the vesting conditions.

8. Remuneration of key management personnel and employees

	Year ended 31 December 2021 £	*Year ended 31 December 2020 £*
Directors		
Salaries, fees and superannuation	**803,133**	*778,054*
Share based payment awards	**751,077**	*212,804*
	1,554,210	*990,858*

	Year ended 31 December 2021 £	*Year ended 31 December 2020 £*
Employees and consultants		
Wages and salaries	**827,076**	*633,926*
Pension and Superannuation costs	**57,332**	*50,125*
Health insurance	**27,288**	*27,443*
Share based payment awards	**165,746**	*46,962*
	1,077,442	*758,456*

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

The average number of directors and employees of the Group during the year was 17 (2020: 13)

The cost of employees delivering consultancy services is charged to cost of sales in accordance with their hourly rate and time spent in delivering the service contract. In 2021, wages and salaries of £47,100 (2020: £23,613) was charged to cost of sales.

9. Fixed asset investments

	31 December 2021	*31 December 2020*
	£	*£*
Investment in subsidiaries, at cost	22,783	*22,783*

Subsidiary undertakings
The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding
SRJ Limited	Jersey	Ordinary	100%
SRJ Technology Limited	United Kingdom	Ordinary	100%
SRJ Tech Australia Pty Ltd	Australia	Ordinary	100%
Acorn Intellectual Properties Limited	Jersey	Ordinary	100%

In November 2014, the Company acquired 100% of the issued share capital (10,613 Ordinary shares) of SRJ Limited, a Company incorporated and domiciled in Jersey through a 1 for 1 swap of the Company's shares.

In March 2015, the Company acquired 100% of the issued share capital (2 £1 ordinary shares) of Acorn Intellectual Properties Limited ("AIPL"), a Company incorporated and domiciled in Jersey.

In August 2016, the Company acquired 100% of the issued share capital (1 £1 Ordinary share) of SRJ Technology Limited, a Company incorporated in the United Kingdom.

In September 2019, the Company acquired 100% of the issued share capital (1,000 A$1 Ordinary shares) of the newly incorporated SRJ Tech Australia Pty Ltd, a Company incorporated and domiciled in Australia.

10. Intangible fixed assets

	Patents	Development expenditure	Total
	£	£	£
Cost			
At 1 January 2021	483,888	768,145	1,252,033
Additions	21,604	17,871	39,475
At 31 December 2021	505,492	786,016	1,291,508
Amortisation			
At 1 January 2021	136,694	217,560	354,254
Charge for the year	41,064	63,424	104,488
At 31 December 2021	177,758	280,984	458,742
Net book value			
At 31 December 2021	327,734	505,032	832,766
At 31 December 2020	*347,194*	*550,585*	*897,779*

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.

11. Tangible fixed assets

	Motor vehicles £	Rental equipment £	Seal moulds £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost							
At 1 January 2020	-	-	-	-	*6,867*	*14,601*	*21,468*
Additions	-	-	*2,221*	*24,860*	*4,985*	*9,413*	*41,479*
At 1 January 2021	**-**	**-**	**2,221**	**24,860**	**11,852**	**24,014**	**62,947**
Additions	**60,355**	**231,659**	**-**	**7,820**	**398**	**6,507**	**306,739**
At 31 December 2021	**60,355**	**231,659**	**2,221**	**32,680**	**12,250**	**30,521**	**369,686**
Depreciation							
At 1 January 2020	-	-	-	-	*4,503*	*8,421*	*12,924*
Charge for the year	-	-	*162*	*3,149*	*1,062*	*4,808*	*9,181*
At 1 January 2021	-	-	*162*	*3,149*	*5,565*	*13,229*	*22,105*
Charge for the year	**9,010**	**51,260**	**699**	**5,670**	**1,522**	**5,964**	**74,125**
At 31 December 2021	**9,010**	**51,260**	**861**	**8,819**	**7,087**	**19,193**	**96,230**
At 31 December 2021	**51,345**	**180,399**	**1,360**	**23,861**	**5,163**	**11,328**	**273,456**
At 31 December 2020	*-*	*-*	*2,059*	*21,711*	*6,287*	*10,785*	*40,842*

12. Inventory

	31 December 2021 £	*31 December 2020 £*
Stock on hand	**24,516**	*18,125*

13. Debtors

	31 December 2021 £	*31 December 2020 £*
Trade debtors	**206,011**	*90,896*
Other debtors	**24,490**	*18,706*
Prepayments and accrued income	**46,904**	*36,335*
	277,405	*145,937*

14. Cash at bank and in hand

	31 December 2021 £	*31 December 2020 £*
Bank and cash balances	**1,097,367**	*4,012,248*

15. Creditors: Amounts falling due within one year

	31 December 2021 £	*31 December 2020 £*
Finance lease payable	**8,187**	-
Trade creditors	**112,070**	*21,767*
Accruals and other payables	**791,834**	*76,312*
	912,091	*98,079*

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 (£60,355). The lease is for 60 months with interest accruing at 4.99%. During the year, £6,746 and £1,580 of capital and interest respectively was paid.

16. Creditors: Amounts falling due after one year

	31 December 2021 £	*31 December 2020 £*
Finance lease payable	**45,422**	-

17. Issued capital

	31 December 2021 £	*31 December 2020 £*
Allotted, called up and fully paid		
119,015,369 (2020 - 119,015,369) Ordinary shares of £0.00018181819 (2020 - £0.00018181819 each)	**21,639**	*21,639*

		31 December 2021	
Allotted, called up and fully paid	Shares in issue	Share capital £	Share premium £
Allotted, called up and fully paid			
At 1 January and 31 December 2021	**119,015,369**	**21,639**	**13,606,004**

		31 December 2020	
	Shares in issue	*Share capital £*	*Share premium £*
Allotted, called up and fully paid			
Brought forward	*1,466,735*	*14,667*	*4,574,028*
Shares issued to staff and consultants	*61,072*	*611*	*817,168*
Split shares 55:1	*82,501,562*	*-*	*-*
Conversion of loan notes	*17,500,000*	*3,182*	*4,109,047*
Shares issued on IPO	*16,000,000*	*2,909*	*3,756,844*
Issued to advisers and consultants for pre-IPO services	*1,486,000*	*270*	*348,917*
At 31 December 2020	*119,015,369*	*21,639*	*13,606,004*

18. Commitments under operating leases

At 31 December 2021, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2021 £	*31 December 2020 £*
Not later than 1 year	-	*11,047*
Later than 1 year and not later than 5 years	-	*-*
	-	*11,047*

The lease with Le Quai House Holdings Limited expired during the year and as at the year end date a new lease was still being negotiated. Until such point a new lease is agreed, the Group remains on a monthly rolling lease occupancy of the premises.

19. Related party transactions

	31 December 2021 £	*31 December 2020 £*
Balances due to the Company		
From SRJ Limited	**6,424,479**	*5,700,980*
From SRJ Technology Limited	**1,745,133**	*947,833*
From SRJ Tech Australia Pty Ltd	**1,152,446**	*505,948*
From Acorn Intellectual Properties Limited	**2,998**	*250*
	9,325,056	*7,155,011*

	31 December 2021 £	*31 December 2020 £*
Balances due between subsidiaries		
Due to SRJ Limited by SRJ Technology Limited	**5,645**	-
Due to SRJ Limited from SRJ Tech Australia Pty Ltd	**10,000**	-
Due from SRJ Limited to Acorn Intellectual Properties Limited	**5,225**	*4,735*

SRJ Limited is a subsidiary of the Company. During the year the Company made net loans of £723,499 (31 December 2020: £800,179) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Technology Limited is a subsidiary of the Company and during the year the Company made additional net loans of £797,300 (31 December 2020: balance of £947,833) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Tech Australia Pty Ltd is a subsidiary of the Company and during the year the Company made net loans in the total of £646,498 (31 December 2020: balance of £505,948) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

Acorn Intellectual Properties Limited (AIPL) is a subsidiary of the Company and during the year the Company made a loan of £2,748 (31 December 2020: £250) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months. AIPL and SRJ Limited are both subsidiaries of the Company and during the year a net intercompany balance of £5,225 (2020: £4,735) was recognised in respect of license fees payable to AIPL and expenses paid on behalf of AIPL by SRJ Limited. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Limited and SRJ Technology Limited are both subsidiaries of the Company and during the year SRJ Limited made net loans in the total of £5,645 (31 December 2020: repaid loans of £8,206) to support SRJ Limited's ongoing operations. An element of the net loans paid was £10,000 due in licensing fees from SRJ Technology Limited in respect of the sub-lease of patents licensed by SRJ Limited from AIPL.

SRJ Limited and SRJ Tech Australia Pty Ltd are both subsidiaries of the Company and during the year SRJ Limited generated £10,000 of license fee income for the sub-license of patents licensed by SRJ Limited. The amount is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

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 £24,000 (31 December 2020: £24,000), equivalent to £2,000 per month.

During the year key management personnel (defined as Directors and Non-Executive Directors) of the Group received total compensation of £803,133 of employment and post-employment benefits and £nil awards of share based payments (31 December 2020: £778,054 of employment and post-employment benefits and £1,929,587 awards of share based payments). See page 7 for further analysis of directors' remuneration.

19. Related party transactions (continued)

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	% (undiluted)	% (fully diluted)
Robin Pinchbeck	201,135 Ordinary shares 380,000 Performance Rights 115,799 CDIs	0.20%	0.50%
Alexander Wood	206,250 Ordinary shares 2,470,000 Performance Rights	0.20%	2.10%
Grant Mooney	Nil	0%	0%
Andrew Mitchell	36,000 CDIs	0.03%	0.03%

Further to the Ordinary Shares held directly by Alexander Wood there are 27,334,755 Ordinary Shares and CDIs held by AVI Partners Limited, a company in which Alexander Wood holds 19.0% of the issued shares. AVI Partners has a shareholding of 23.0% of the undiluted and 21.5% of the fully diluted shares in issue of the Company.

20. Analysis of changes in net debt

	At 1 January 2021	Cash flows	Other non-cash changes	At 31 December 2021
Cash and cash equivalents	£	£	£	£
Cash at bank and in hand	4,012,248	(2,921,206)	6,325	1,097,367
Borrowings				
Finance lease	-	(6,746)	60,355	53,609
Net debt	4,012,248	(2,914,460)	(54,030)	1,043,758

Non-cash changes relate to:
Finance lease - during the year SRJ Tech Australia Pty Ltd acquired a motor vehicle on a finance lease. Cash flows relate to capital repayments made by the Company against the finance lease.

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

On 14 December 2021 it was announced that the Company had executed a share purchase agreement to acquire 100% of the issued share capital of UK based Company STATS (UK) Limited subject to customary conditions including the Company obtaining the required shareholder approvals. The consideration payable to acquire STATS is to comprise a combination of SRJ CDIs and cash, with the STATS shareholders holding approximately 5% on completion of the acquisition and re-compliance listing. To fund the acquisition and additional working capital requirements the Company intends to raise A$142 million from investors. The indicative timeline for the announcement was for the acquisition to have completed by the end of February 2022 with the Company re-quoted on the ASX by early March 2022.

On 4 February 2022 it was announced that the Company was voluntarily temporarily delaying the capital raise due to significant changes to the underlying market conditions in Australia and globally since the start of 2022. It is intended that the Company will recommence the capital raise once the underlying market conditions have stabilised.

22. Ultimate controlling party

In the opinion of the Directors there is no one ultimate controlling party of the Company.