

Annual Report & Audited Financial Statements



SRJ Technologies Group Plc

ARBN 642 229 856

31 December 2022





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Dear Shareholder,

It is my pleasure to present the 2022 Annual Report for SRJ Technologies Group plc (SRJ or the Company) as we reflect on the achievements of our Company over the past 12 months.

SRJ spent almost all of 2022 suspended from the ASX, following our audacious but ultimately unsuccessful attempt to acquire the UK oil services company, STATS. Had this succeeded, it would have been transformational for our company. Business performance in the year was, however, negatively affected by this as management focus on organic business development was inevitably diverted, i.e., in addition to the direct costs incurred, the failed acquisition had a clear opportunity cost.

The second factor influencing performance in the year was the continuing aftermath of the global pandemic; though demand began to re-emerge, in general customers proved frustratingly slow to commit to spend.

By the end of the period though, we began to see program spend opportunities emerging from key Middle Eastern and floating production clients, whose aging infrastructures inevitably require significant and long-term investments in process integrity and hydrocarbon containment. Our specialised technical consulting unit is designed to identify customers' containment risk issues and thus generate rectification work-scopes.

Some of the commercial successes during the year included the completion of the first ever online oxygen leak sealing project in Jubail Industrial City, Saudi Arabia for Saudi Basic Industries Corporation (SABIC) alongside asset integrity projects for MODEC, ADNOC, Woodside and EDL. The recent strengthening of strategic relations with two parties operating in the UK/Norwegian North Sea also represents a much wider opportunity for SRJ products and solutions.

The delays in client commitment and the cost impact of the STATS episode have together led to the need to bring in additional debt, and shareholders will have seen that in February, SRJ established a new convertible facility with Mercer. As well, internal costs have been reviewed and a number of cost reductions imposed, including the waiving of fees by myself and fellow non-executive directors.

SRJ's strategy is to build a comprehensive portfolio of operational integrity services through a combination of organic development and acquisitions. To achieve our goal we depend on the knowledge and energies of our technical, business development and support teams. On behalf of the board, I would like to thank all employees for their commitment and hard work in this challenging year.



A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish at the end.

Chairman
SRJ Technologies Group Plc

SRJ Technologies Group Plc

Company Information

Directors	Alexander Wood Robin Pinchbeck Roger Smith Grant Mooney Andrew Mitchell	(appointed 15 January 2023) (resigned 14 January 2023) (resigned 29 December 2022)
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>	Level 4, 225 St Georges Terrace Perth WA 6000 Telephone: +(61) 08 6162 6199	
Independent Auditor	Grant Thornton Limited Kensington Chambers St Helier Jersey JE1 1ET	
Accountants	Bracken Rothwell Limited 54 Bath Street St Helier Jersey JE1 1ET	
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
Directors' Report
For the year ended 31 December 2022

The directors present their report and the financial statements of SRJ Technologies Group Plc (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2022.

Principal Activity

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

Review of Activities

A summary of key milestones achieved during 2022, include the following:

- Abu Dhabi National Oil Company (ADNOC) - Completion of Asset integrity contract in UAE with ADNOC
- Saudi Basic Industries Corporation (SABIC) - Completion of the first ever online Oxygen leak sealing project in Saudi Arabia for facilities in Jubail Industrial City. This resulted in a Certificate of Appreciation being issued by SABIC 'in recognition for the dedication, excellent performance and support during the design, fabrication and installation of the solution to arrest oxygen leaks in the Royal commission Corridor area.'
- Major FPSO Operator- Multiple consulting work scopes completed in respect of Offshore Asset Integrity in addition to multiple Hot bolting campaigns in West Africa using SRJ's proprietary flange integrity equipment - BoltEx[®] flange clamps with client expected to purchase the equipment following the leasing period.
- Woodside Energy Group - (Karratha Gas Plant) engineering team has now permanently integrated the SRJ BoltEx[®] product into Woodside procedures and BoltEx[®] has been successfully used for flange integrity management with further ongoing requests for rental and outright purchases.
- EDL Energy, Australia - Completed detailed Asset Integrity procedure incorporating SRJ BoltEx[®] into ongoing campaigns, including successfully completing the first major scope.
- MODEC - Completed Hot Bolting campaigns for two FPSOs previously announced in 2021
- NOWCo - Phase 2 of subsea desalination consulting project commenced further strengthening SRJ's sustainability credentials.

Significant Changes in State of Affairs

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

SRJ Technologies Group Plc

Directors' Report

For the year ended 31 December 2022

Earnings Per Share

	2022 £	2021 £
Loss for the year	(3,225,330)	(4,392,002)
Weighted average number of shares	123,095,666	119,015,380
Basic and diluted loss per share	<u>(0.03)</u>	<u>(0.04)</u>

Financial Position

The Group's cash position as at 31 December 2022 was £559,539 (2021: £1,097,367). In order to ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 15 February 2023 the Company signed an agreement for a convertible loan facility that will provide an immediate A\$750,000 (£422,495) of capital, at the request of Directors that falls within the Company's placement capacity, A\$650,000 that was approved for draw down by shareholders and a further A\$2,100,000 to be drawn at the mutual consent of the facility provider and the Company. This facility will support ongoing operational expenditure. The initial tranche of A\$750,000 was drawn down on 24 February 2023 with the A\$650,000 (£352,711) being drawn down on 29 March 2023.

Going Concern

The Group made a loss in the year in the amount of £3,225,330 (31 December 2021: £4,392,002) and as at 31 December 2022 was in a net asset position of £667,553 (31 December 2021: £1,547,997).

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 2023 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 15 February 2023 the Company signed an agreement for a convertible loan facility of A\$3,500,000 of convertible securities (the "Facility").

The Facility, with Mercer Street Global Opportunity Fund LLC (Mercer), consists of 1,610,000 Convertible Notes, comprised of A\$1,400,000 principal ("Principal Amount") and A\$210,000 Original Issue Discount ("OID") (Tranche1). Of this amount, 862,500 Convertible Notes for A\$750,000 was drawn down on 24 February 2023 with the remaining 747,500 Convertible Notes for a total of A\$650,000 (£352,711) approved for draw down on 28 March 2023.

A second tranche of Convertible Notes in respect of the Second Convertible Security ("Second Tranche") will be issued with an individual face value of A\$1 (that is, a total of up to 2,415,000 Tranche 2 Notes will be issued) subject to shareholder and Mercer approval. (Tranche 2)

SRJ can draw down a minimum of A\$500,000. The Tranche 1 and Tranche 2 Notes will be convertible into common shares at 90% of the lowest two (2) VWAPS ("Conversion Price A") during the fifteen (15) trading days immediately prior to notice of conversion by the Investor subject to a minimum conversion price of A\$0.05. As part of the fee for the facility, the Company will issue to Mercer shares of common stock for nil consideration equal to 3% of the Total Amount of A\$3,500,000.

The financial resources provided by the convertible loan facility 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 Company 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.

SRJ Technologies Group Plc
Directors' Report
For the year ended 31 December 2022

Dividends

There were no dividends paid in the year under review (2021 - £nil).

Results

The Consolidated Statement of Comprehensive Income for the year is set out on page 23.

Directors

The directors who served during the year and subsequently were:

Robin Pinchbeck
Alexander Wood
Grant Mooney (resigned 14 January 2023)
Andrew Mitchell (resigned 29 December 2022)
Roger Smith (appointed 15 January 2023)

Disclosure of information to independent auditor

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

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

Post balance sheet events

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

- Convertible loan facility for a total of A\$3,500,000 signed on 15 February 2023

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group is not subject to direct environmental regulations under Commonwealth or State legislation but seeks to assist its clients in leak containment which assists with ESG requirements amongst other services.

On-Market buy back

The Company has not undertaken any on market buy backs.

SRJ Technologies Group Plc
Directors' Report
For the year ended 31 December 2022

Company secretary

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

Information on directors and company secretary

Alexander Wood, Executive Director and Chief Executive Officer

Qualifications: -

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

Mr Wood has a relevant interest in ordinary fully paid shares of 27,334,755*, and 2,470,000 performance rights that vested on 18 September 2022, with 823,333 performance rights forfeited.

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

*Interest includes ordinary shares held by AVI Partners Limited (AVI). Alexander Wood owns 19% of the issued share capital of AVI.

Robin Pinchbeck, Non-Executive Chair

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

Qualifications: BSc MSc MA

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

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

Mr Pinchbeck has a relevant interest in 201,135 ordinary fully paid shares, 115,799 CDIs, 380,000 performance rights and 226,250 NED Rights in lieu of the payment of certain director fees payable to Mr Pinchbeck, under the SRJ Equity Incentive Plan and on the terms and conditions set out in the Explanatory Statement.

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

Roger Smith, Executive Director (appointed 15 January 2023)

Qualifications: BSc

Roger is SRJ's Managing Director of UK, Europe and Middle East for SRJ and a senior member of the executive management team. Prior to this Mr Smith had been the Non-Executive Chairman of SRJ for 4 years. Mr Smith joined SRJ with over 35 years' experience in the oil and gas industry, having served as a Senior Vice President of Petrofac

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Directors' Report
For the year ended 31 December 2022

Plc and as a Non-Executive Director of Haydale Graphene Industries plc. He has also held the post of commercial Director with Bureau Veritas. Mr Smith holds a bachelor's degree in physics from University of Southampton.

Mr Smith has a relevant interest in 440,000 CDI's and 1,393,333 performance rights

Grant Mooney, Independent Non-Executive Director (resigned 14 January 2023)

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

Qualifications: BBus CA

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. Mr Mooney has gained extensive experience in the areas of corporate, financial and project management since commencing Mooney & Partners over 20 years ago. His experience also extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as a Director to ASX listed companies across a variety of industries including technology and resources. He is currently a Director of the following ASX listed companies: Gibb River Diamonds Limited, Barra Resources Limited, Talga Resources Limited, Riedel Resources Limited, Accelerate Resources Limited and Carnegie Clean Energy Limited. Mr Mooney is also a member of the Institute of Chartered Accountants in Australia.

At the AGM of the Company in December 2022 it was resolved to issue 106,237 NED Rights in lieu of the payment of certain director fees payable to Mr Mooney, under the SRJ Equity Incentive Plan and on the terms and conditions set out in the Explanatory Statement.

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

Andrew Mitchell, Independent Non-Executive Director (resigned 29 December 2022)

Special Responsibilities: Member of Audit and Risk Committee, Member of Remuneration and Nominations Committee prior to resignation

Qualifications: BM MD FRCP FESC FACC FEHRA FEACVI

Dr Mitchell is a Non-Executive Director of Adams Plc, an AIM listed investment company primarily focused on special situation investment opportunities in the small to middle market capitalisation sectors. Dr Mitchell is the founding Director of an innovative heart screening company and acts as an advisor to digital and technological health start-up companies where he provides strategic advice and technical resource in the development of MedTech health services. He is also a Consultant Cardiologist at Jersey General Hospital and Honorary Consultant at Oxford University Hospitals.

Dr Mitchell has published over 170 clinical papers, book chapters and abstracts on areas of clinical cardiology focussing on novel digital health and life science technologies. He brings a wealth of knowledge of technology companies and has applied his skills for the benefit of numerous business enterprises.

Dr Mitchell holds a relevant interest in 36,000 CDI's.

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

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Directors' Report
For the year ended 31 December 2022

Ben Donovan (Company Secretary)

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

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

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

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

SRJ Technologies Group Plc

Directors' Report

For the year ended 31 December 2022

Board meetings held and attended

During the financial year ended 31 December 2022, the following director meetings were held:

Director	Eligible to attend	Attended*
Robin Pinchbeck	7	7
Alexander Wood	7	7
Grant Mooney	7	7
Andrew Mitchell	7	3

*Excludes meetings held by circular resolution

Unaudited Remuneration Report

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

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

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

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

Key Management Personnel (KMP) Remuneration and Incentive Policies

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

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

The remuneration structures take into account:

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

SRJ Technologies Group Plc
Directors' Report
For the year ended 31 December 2022

Remuneration Report (continued)

In order to fulfil its responsibilities to the Board the Committee shall;

a) Executive Remuneration Policy

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

b) Executive Directors and Senior Management

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

c) Non-Executive Directors

The Committee reviews and recommends to the Board the remuneration of Non-Executive Directors.

d) Executive Incentive Plan

Review and approve the design of any executive incentive plans.

e) Equity Based Plans

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

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

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Directors' Report
For the year ended 31 December 2022

Remuneration report (continued)

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

Key Management Personnel	Position	Commenced	Term	Short term benefits Employee costs ¹		Post employment benefits Superannuation		Share based payments Equity settled performance rights		Total	
				2022 £	2021 £	2022 £	2021 £	2022 ⁵ £	2021 ⁵ £	2022 £	2021 £
Robin Pinchbeck	Non-Executive Chairman	19/11/2019	²	24,547	50,000	-	-	25,453	-	50,000	50,000
Grant Mooney	Non-Executive Director	02/06/2020	²	10,479	21,906	-	-	11,951	-	22,430	21,906
Andrew Mitchell	Non-Executive Director	18/06/2020	^{2,6}	11,338	21,851	-	-	11,951	-	23,289	21,851
Alexander Wood	Chief Executive Officer	01/08/2011	^{3,4}	232,143	232,069	-	-	-	-	232,143	232,069
Roger Smith	Managing Director, Europe and MENA	01/10/2019	^{3,4}	170,481	169,482	-	-	-	-	170,481	169,482
Stefan McGreevy	Chief Financial Officer	01/11/2019	^{3,4}	171,412	138,453	-	-	-	-	171,412	138,453
Paul Eastwood	Technical Director	01/01/2020	^{3,4}	165,442	159,922	9,730	9,450	-	-	175,171	169,372
				785,841	793,683	9,730	9,450	49,355	-	844,926	803,133

Notes:

1) Employee costs comprise director salaries and fees and employer social security/national insurance contributions. No cash bonuses were paid in 2022 or 2021.

2) The term expires at the next annual meeting where the position is up for re-election.

3) No fixed term.

4) Comparative short-term benefits restated to include employer social security/national insurance contributions.

5) Refers to the total value of new performance rights awarded in the year.

6) Resigned on 29 December 2022.

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Directors' Report

For the year ended 31 December 2022

Remuneration report (continued)

Share-based Compensation

Performance/NED Rights* issued as Remuneration

The terms and conditions of each performance right affecting key management personnel during 2022 are as follows:

Key Management Personnel	Performance/NED Rights awarded	Performance Rights forfeited	Grant Date	Vesting Date	Exercise Price	Fair Value of Right	Value of Net Performance Rights granted
Alexander Wood	2,470,000	(823,333)	18/09/2020	18/09/2022	Nil	A\$0.50	A\$823,334
Robin Pinchbeck	380,000	-	18/09/2020	18/09/2022	Nil	A\$0.50	A\$180,000
Roger Smith	2,090,000	(696,667)	18/09/2020	18/09/2022	Nil	A\$0.50	A\$696,667
Stefan McGreevy	1,140,000	-	18/09/2020	18/09/2022	Nil	A\$0.50	A\$570,000
Paul Eastwood	760,000	-	18/09/2020	18/09/2022	Nil	A\$0.50	A\$380,000
Robin Pinchbeck*	226,250	-	16/12/2023	16/3/2023	Nil	A\$0.20	A\$45,250
Grant Mooney*	106,237	-	16/12/2023	16/3/2023	Nil	A\$0.20	A\$21,247
Andrew Mitchell*	106,237	-	16/12/2023	16/3/2023	Nil	A\$0.20	A\$21,247

SRJ Technologies group Plc

Directors' Report

For the year ended 31 December 2022

Remuneration Report (continued)

Performance Rights issued as Remuneration

The Performance rights vested on 18 September 2022. The vested shares have not yet been issued as at 31 December 2022. Performance Rights forfeited were as a result of performance conditions not being met assigned to both Alexander Wood and Roger Smith lapsed on 18 September 2022. There were no Performance Rights granted, vested or lapsed during 2021.

Performance Rights carry no dividend or voting rights. Each vested Performance Right enables the participant to be issued or to be transferred one ordinary share/CDI subject to the rules governing the equity incentive plan and the terms of each offer.

The vesting conditions for the Performance Rights were based on a combination of:

- the Company's CDIs reaching a specified 15-day volume weighted average price (VWAP) post Listing
- financial and/or operational performance hurdles determined by the Board (applicable to a third of the overall performance rights for Alexander Wood and Roger Smith only which were subsequently forfeited); and
- continuity of employment/engagement with the Company from Listing until the vesting date.

A NED Right is an entitlement to one fully paid ordinary share in the Company, issued under the SRJ Equity Incentive Plan:

- NED Rights are granted for nil consideration and have a nil exercise price.
- A NED Right will lapse if it is not exercised within 15 years of the grant date.
- A NED Right may not be exercised within 90 days of the grant date.
- 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).
- If a NED Right is exercised while it remains subject to a Disposal Restriction, the Shares/CDIs issued upon exercise will be 'Restricted Shares' and may be required to be held by a trustee.

Additional Disclosures relating to Key Management Personnel

Shareholding

The number of shares/CDI's in the Company held during 2022 by each director and other members of key management personnel of the Company, including their personally related parties, is set out in the following table below:

Director	Balance as at 1 January 2022	Additions/(disposals)	Balance as at 31 December 2022
Robin Pinchbeck	201,135	115,799	316,934
Alexander Wood	206,250	-	206,250
Andrew Mitchell	36,000	-	36,000
Roger Smith	440,000	-	440,000

Note: this excludes Performance and NED Rights and shares held by AVI Partners Limited, a company which Alexander Woods holds 18% of the issued share capital.

SRJ Technologies group Plc

Directors' Report

For the year ended 31 December 2022

Performance/NED Rights

The number of Performance/NED Rights held during the financial year ended 31 December 2022 by the key management personnel, including their personally related parties, is set out below:

Key Management Personnel	Balance as at 1 Jan 2022	Granted NED Rights	Performance Rights forfeited	Performance Rights exercised	Balance as at 31 Dec 2022
Alexander Wood	2,470,000	-	(823,333)	-	1,646,667
Robin Pinchbeck	380,000	226,250	-	(380,000)	226,250
Roger Smith	2,090,000	-	(696,667)	(2,090,000)	-
Stefan McGreevy	1,140,000	-	-	-	1,140,000
Paul Eastwood	760,000	-	-	(760,000)	-
Grant Mooney	-	106,237	-	-	106,237
Andrew Mitchell	-	106,237	-	-	106,237

The Performance rights vested on 18 September 2022. The vested shares have not yet been issued as at 31 December 2022. Alexander Wood and Stefan McGreevy hold options to acquire the Performance Rights and as yet have not exercised such options which will lapse unless not exercised by 18 September 2023.

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

There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and reimbursement of allowable expenses, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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

During the year a wholly owned subsidiary of AVI Partners Limited, continued to rent office space to the Company, the annual charge for this is £24,000.

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

Other information

Indemnification of Officers and Auditors

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

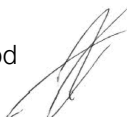
Non-Audit Services

During the year, Grant Thornton Limited (Channel Islands) continued to provide statutory and interim audit services and half year review service. Grant Thornton Australia Limited provided non-audit services to the Group. This included investigating accountant's report for the prospectus in respect of removal from suspension from the ASX. Both firms are member firms of Grant Thornton International Limited. Details of the amounts paid to the auditor and its affiliate firms for non-audit services provided during the financial year are outlined in Note 6.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors.

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

Alexander Wood
Director



Date: 30 March 2023

SRJ Technologies Group Plc

ASX Additional Information

For the year ended 31 December 2022

Substantial Holders

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

Ordinary Shares and CDI's Combined

Name	Number of securities	% of issued combined
AVI Partners Limited	27,334,755	20.54%
Solibay Capital Partners Inc	8,048,338	6.05%
BNP Paribas Noms Pty Ltd <Drp>	7,611,880	5.72%

Distribution of Securities

Number of Ordinary Shares and CDI's combined	Number of holders	Number combined
1-1,000	36	20,419
1,001-5,000	183	562,247
5,001-10,000	128	1,061,023
10,001-100,000	336	12,761,430
100,001 and over	129	118,677,058
Total	812	133,082,177

Top Twenty securityholders

Ordinary shares and CDI's combined

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

Name	Number of securities	% of issued combined
AVI Partners Limited	27,334,755	20.54%
Solibay Capital Partners Inc	8,048,338	6.05%
BNP Paribas Noms Pty Ltd <Drp>	7,611,880	5.72%
HSBC Custody Nominees (Australia) Limited	5,906,159	4.44%
National Nominees Limited	4,733,912	3.56%
UBS Nominees Pty Ltd	4,329,424	3.25%
Jindabyne Capital Pty Ltd <Providence Equity A/C>	3,433,558	2.58%
J P Morgan Nominees Australia Pty Limited	2,769,146	2.08%
Raleigh Atlantic Limited	2,414,005	1.81%
Sealyham Investments Limited	2,376,000	1.79%
Mr Xuan Khoa Pham	2,000,000	1.50%
Citicorp Nominees Pty Limited	1,901,204	1.43%
Harry Mitchell	1,850,530	1.39%
New Street Trust Limited	1,798,500	1.35%
Enso Ventures 1 Ltd	1,760,000	1.32%
Alitime Nominees Pty Ltd <Honeyham Family A/C>	1,404,195	1.06%
Mirdas Limited	1,133,000	0.85%
Mrs Quynh Chi Phan	1,122,505	0.84%
Ann Manning	1,107,480	0.83%
Mitsui & Co (Australia) Ltd	1,000,010	0.75%
Top Twenty Security holders total	84,034,601	63.14%
Remaining Securityholders	49,047,576	36.86%
	133,082,177	100.00%

SRJ Technologies Group Plc

ASX Additional Information

For the year ended 31 December 2022

Restricted Securities

Securities that are subject to voluntary restrictions are as follows:

<u>Voluntary restrictions</u>	<u>Ordinary shares</u>	<u>CDI's</u>
9 months from 18/9/22	29,453,420	2,218,508

Use Proceeds

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

Corporate Governance Statement

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

With the resignation of Dr Mitchell and Mr Mooney both the Audit & Risk committee and the Remuneration and Nominations committee will be run by the board. Due to the size of the company, the company cannot meet the requirements to have a majority of independent directors as at the approval date of this document.

Voting Rights of Shares

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

Voting Rights of CDI's

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

SRJ Technologies Group Plc
Statement of Directors Responsibilities
For the year ended 31 December 2022

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of SRJ Technologies Group PLC

Opinion

We have audited the consolidated financial statements of SRJ Technologies Group PLC for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice
- comply with the Companies (Jersey) Law 1991.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group made a loss in the year in the amount of £3,225,330 (31 December 2021: £4,392,002) and as at 31 December 2022 was in a net asset position of £677,553 (31 December 2021: £1,547,997). The Directors' evaluation of the Group's ability to continue as a going concern are also described in note 2.3. The Directors acknowledge the uncertainty over the timing of cash inflows and sales levels which may require the Company to undertake another fund raise either through debt or equity. We noted the availability of the remaining facility with Mercer Street Global Opportunity Fund LLC, the drawdown of which is subject to shareholder approval. These events or conditions, along with other matters set forth in note 2.3, indicate that a material uncertainty exists that may cast a significant doubt in the ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

<i>Overall group materiality</i>	£28,000 (2021: £38,000)
<i>How we determined it</i>	1.5% (2021: 1.5%) of the Group's total assets
<i>Rationale for the materiality benchmark</i>	<p>We believe that total assets is an appropriate basis for audit materiality as it is a key performance measure and is a key metric used by management in assessing and reporting on the financial position of the Group. We have determined total assets as the benchmark for computing materiality on the basis that, although the Group is profit oriented, the group is still in start-up position and has been in a net loss since 2014 from the time it began its operation, and is developing its intangibles assets for future sales so total assets as benchmark for materiality is more relevant.</p> <p>We have used 1.5% as a benchmark percentage with the consideration that the Group is listed on the Australian Stock Exchange and, therefore, is considered to be a Public Interest Entity. .</p>

Key audit matters

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

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

The key audit matter	How the matter was addressed in our audit
<p>Impairment of intangible assets</p> <p>At 31 December 2022, the Group carried a balance on Intangible Assets of £832,766. This comprised of both patents and development expenditure. The Group accounts for patent and development expenditure initially at cost and thereafter after accumulated amortisation and any accumulated impairment losses.</p> <p>The intangible assets are considered significant as they represent the intellectual property of the Group and a</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> We assessed the accounting policies for intangible assets to ensure that this was compliant with the requirements of the United Kingdom Generally Accepted Accounting Practices and reviewed the basis of the carrying value of the intangible assets as at the balance sheet date which has been calculated at cost less impairment and amortised over 13 years. We obtained and reviewed management's assessment of the indications of impairment

The key audit matter

key driver of future revenue. Furthermore, the identification and calculation of any impairment charge or useful economic life of the intangible assets requires management to use a number of judgements and estimates.

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

How the matter was addressed in our audit

as at year end. We reviewed the assessment and critically evaluated the judgement made by management based on our knowledge of the Group's legal and economic environment. Consideration was given to the external and internal indications of impairment;

- whether the market value of the intangible assets has declined during the year as a result of the passage of time or normal use;
- whether significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates;
- whether significant changes with an adverse effect on the Group have taken place during the year or are expected to take place in the near future, in the extent to which, or manner in which the asset underlying the intangible asset is expected to be used
- Any evidence available from internal reporting that indicates that the economic performance of the intangible asset is, or will be, worse than expected.

Key observations

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

Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the 'Annual Report and Audited Financial Statements', other than the financial statements and our auditor's report thereon. Our opinion on the Group financial statements does not cover the other information including the Remuneration Report and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Group; or
- the Group financial statements are not in agreement with the accounting records; or

- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Use of our report

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



Alexander Ross Langley

For and on behalf of Grant Thornton Limited
Chartered Accountants
St Helier
Jersey

Date: 30 March 2023

SRJ Technologies Group Plc

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2022**

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Turnover	4	932,206	323,091
Cost of sales		(391,470)	(115,871)
Gross profit		540,736	207,220
Administrative expenses		(3,798,423)	(4,727,551)
Other operating income	5	35,097	130,062
Operating loss		(3,222,590)	(4,390,269)
Interest payable		(2,740)	(1,733)
Loss for the financial year		(3,225,330)	(4,392,002)
Other comprehensive income:			
Gain on translation of foreign subsidiary		12,700	6,325
Total comprehensive loss for the year		(3,212,630)	(4,385,677)
Total comprehensive loss for the year attributable to:			
Ordinary equity holders of the parent		(3,212,630)	(4,385,677)
<i>Earnings Per Share</i>			
Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent		(0.03)	(0.04)

There were no recognised gains and losses for the year ended 31 December 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 27 to 40 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Financial Position
As at 31 December 2022**

	Notes	31 December 2022 £	31 December 2021 £
Fixed assets			
Intangible assets	9	762,853	832,766
Tangible assets	10	161,108	273,456
		<u>923,961</u>	<u>1,106,222</u>
Current assets			
Inventory	11	25,980	24,516
Debtors: amounts falling due within one year	12	366,610	277,405
Cash at bank and in hand	13	559,539	1,097,367
		<u>952,129</u>	<u>1,399,288</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(738,174)	(912,091)
Loans payable	15	(421,350)	-
		<u>(1,159,524)</u>	<u>(912,091)</u>
Net current (liabilities)/assets		<u>(207,395)</u>	<u>487,197</u>
Non-current liabilities			
Creditors: amounts falling due after one year	16	(39,013)	(45,422)
Net assets		<u>677,553</u>	<u>1,547,997</u>
Capital and reserves			
Issued share capital	17	24,197	21,639
Share premium account	17	15,216,406	13,606,004
Share based payment reserve	7	1,905,814	1,176,588
Translation reserve		6,412	(6,288)
Retained earnings		(16,475,276)	(13,249,946)
		<u>677,553</u>	<u>1,547,997</u>

The financial statements were approved and authorised for issue by the board on 30 March 2023 and were signed on its behalf by:



Alexander Wood
Director

Date: 30 March 2023

The notes on pages 27 to 40 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2022**

	Called up share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Retained earnings £	Total equity £
At 1 January 2021	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	<u>21,639</u>	<u>13,606,004</u>	<u>1,176,588</u>	<u>(6,288)</u>	<u>(13,249,946)</u>	<u>1,547,997</u>
Total comprehensive loss for the year	-	-	-	12,700	(3,225,330)	(3,212,630)
CDIs issued during the year (note 17)	2,558	1,610,402	-			1,612,960
Issue of share awards (note 7)	-	-	729,226	-	-	729,226
At 31 December 2022	<u><u>24,197</u></u>	<u><u>15,216,406</u></u>	<u><u>1,905,814</u></u>	<u><u>6,412</u></u>	<u><u>(16,475,276)</u></u>	<u><u>677,553</u></u>

The notes on pages 27 to 40 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Cash Flows
For the year ended 31 December 2022**

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows used in operating activities			
Loss for the financial year		(3,225,330)	(4,392,002)
Adjustments for:			
Amortisation of intangible assets		109,537	104,488
Depreciation of tangible assets		108,392	74,125
Interest paid		2,740	1,733
Share based payments for Directors' fees		72,175	-
Unvested share based payments awarded		657,052	916,822
Unrealised loss on foreign exchange		12,002	118,224
Increase in inventory		(1,464)	(6,391)
Increase in debtors		(89,205)	(131,468)
(Decrease)/increase in creditors		(174,308)	805,825
Net cash used in operating activities		(2,528,409)	(2,508,644)
Cash flows from investing activities			
Purchase of intangible fixed assets		(39,624)	(39,475)
Purchase of tangible fixed assets		-	(246,384)
Adjustment re GST refund	10	3,956	-
Net cash used in investing activities		(35,668)	(285,859)
Cash flows from financing activities			
Issue of ordinary shares/CDIs		1,612,960	-
Repayments towards finance lease		(6,019)	(6,746)
Interest paid		(2,740)	(1,733)
Directors' loans		421,350	-
Drawdown of convertible loan notes		666,185	-
Repayment of convertible loan notes		(666,185)	-
Net cash provided/(used in) from financing activities		2,025,551	(8,479)
Net decrease in cash and cash equivalents		(538,526)	(2,802,982)
Effect of changes in foreign exchange rate			
Effect of translating results of an overseas subsidiary		12,700	6,325
Effect of changes in foreign exchange rates on cash and cash equivalents		(12,002)	(118,224)
		698	(111,899)
Cash and cash equivalents at beginning of year		1,097,367	4,012,248
Cash and cash equivalents at the end of year		559,539	1,097,367
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		559,539	1,097,367

The notes on pages 27 to 40 form part of these financial statements.

SRJ Technologies Group Plc

Notes to the consolidated financial statements For the year ended 31 December 2022

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 policies of an entity so as to obtain benefits from its activities. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

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

2.3 Going concern

The Group made a loss in the year in the amount of £3,225,330 (31 December 2021: £4,392,002) and as at 31 December 2022 was in a net asset position of £677,553 (31 December 2021: £1,547,997).

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 2023 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 15 February 2023 the Company signed an agreement for a convertible loan facility of A\$3,500,000 of convertible securities (the "Facility").

The Facility, with Mercer Street Global Opportunity Fund LLC (Mercer), consists of 1,610,000 Convertible Notes, comprised of A\$1,400,000 principal ("Principal Amount") and A\$210,000 Original Issue Discount ("OID") (Tranche1). Of this amount, 862,500 Convertible Notes for A\$750,000 (£422,495) was drawn down on 24 February 2023 with the remaining 747,500 Convertible Notes for a total of A\$650,000 (£352,711) drawn down on 29 March 2023.

Notes to the consolidated financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

A second tranche of Convertible Notes in respect of the Second Convertible Security ("Second Tranche") will be issued with an individual face value of A\$1 (that is, a total of up to 2,415,000 Tranche 2 Notes will be issued) subject to shareholder approval. (Tranche 2). SRJ can draw down a minimum of A\$500,000. The Tranche 1 and Tranche 2 Notes will be convertible into common shares at 90% of the lowest two (2) VWAPS ("Conversion Price A") during the fifteen (15) trading days immediately prior to notice of conversion by the Investor subject to a minimum conversion price of A\$0.05. As part of the fee for the facility, the Company will issue to Mercer CDIs for nil consideration equal to 3% of the Total Amount of A\$3,500,000, being 763,864 CDIs, calculated based on the 15 day VWAP of CDIs prior to the date of the Convertible Securities Agreement. These CDIs will be issued to Mercer at the same time as the Tranche 1 Convertible Notes. Following the initial draw downs this leaves a remaining facility of A\$2,100,000 (£1,139,527) as at 28 March 2023.

The financial resources provided by the convertible loan facility 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 Company 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.

Notes to the consolidated financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.5 Revenue - continued

Turnover - continued:

During the year the Group began receiving revenue from operating leases in relation to rental equipment. The revenue is accounted for on a straight line basis over the term of the lease. The risks and rewards incidental to ownership remain with the Group.

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

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

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

Other operating income

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.

2.6 Research and development

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

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

2.7 Interest income

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

2.8 Finance costs

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

2.9 Pensions

Defined contribution

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

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

2.10 Share based payments

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

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

Notes to the consolidated financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.11 Intangible assets

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

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

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

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

2.12 Impairment of assets

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

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

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

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

The depreciation method for the motor vehicle was changed from a straight line basis to a reducing balance method during the year, an adjustment was accounted for within the Tangible Fixed Asset's note.

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

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

2.14 Inventories

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

Notes to the consolidated financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.15 Debtors

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

2.16 Cash and cash equivalents

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

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

2.17 Creditors

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

2.18 Equity and reserves

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

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

Other components of equity include the following:

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

2.19 Financial instruments

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

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

2.20 Convertible debt

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.

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Notes to the consolidated financial statements For the year ended 31 December 2022

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

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

Impairment of intangible assets

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

Useful life of intangible assets

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

Contingent liabilities

The Group was subject to a threatened patent infringement case by Irgens Engineering AS relating to the "BoltEx" product that SRJ was 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 came from Hydratight, via Irgens Engineering AS. Counsel for the Group 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 was not subject to any liability. The infringement case is no longer applicable and there are no further contingent liabilities for 2022.

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	31 December 2022			
	Product sales	Rental income	Services rendered	Total
	£	£	£	£
Jersey	606,398	-	47,666	654,064
United Kingdom	39,130	-	150,158	189,288
Australia	11,563	68,716	8,576	88,854
	<u>657,091</u>	<u>68,716</u>	<u>206,400</u>	<u>932,206</u>

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

5. Other operating income

	Year ended 31 December 2022	<i>Year ended 31 December 2021</i>
	£	£
R&D tax credits received	35,097	127,489
Loan written off	-	2,572
	<u>35,097</u>	<u>130,061</u>

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**Notes to the consolidated financial statements
For the year ended 31 December 2022**

6. Auditor remuneration	Year ended 31 December 2022	<i>Year ended 31 December 2021</i>
	£	£
Annual audit	40,550	43,511
Interim review	19,570	11,000
Non-audit services	11,982	456,875
	72,102	511,386

Non-audit services are provided by both Grant Thornton Limited (Channel Islands) and Grant Thornton Australia Limited. These mostly represent fees in respect of the financial, tax and other due diligence of STATS UK Limited in relation to the potential acquisition.

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 Employee Incentive Program (EIP), 1 PR is the equivalent of 1 Chess Depository 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 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 as the performance conditions had not been met before.

On the grant date, the CDIs had fair value of A\$0.50 each which represents the price at listing of the CDI's on the same date. The expense to the Group in 2022 based on qualifying PRs issued is analysed as follows;

	Fair value per CDI A\$	No of Performance Rights	Year ended 31 December 2022	Year ended 31 December 2021
			£	£
Directors remuneration	0.50	5,320,001	538,268	751,077
Staff remuneration	0.50	973,999	96,933	135,256
Consultancy fees	0.50	200,000	21,851	30,490
			657,052	916,823

The vested shares have not yet been issued as at 31 December 2022. Alexander Wood and Stefan McGreevy hold options to acquire the Performance Rights and as yet have not exercised such options which will lapse unless not exercised by 18 September 2023.

SRJ Technologies Group Plc

**Notes to the consolidated financial statements
For the year ended 31 December 2022**

7. Share based payments - continued

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:

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

These Directors will instead receive 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).

8. Remuneration of key management personnel and employees

	Year ended 31 December 2022 £	<i>Year ended 31 December 2021 £</i>
Directors		
Salaries, fees and superannuation	844,926	803,133
Share based payment awards	538,268	751,077
	<u>1,383,194</u>	<u>1,554,210</u>
	Year ended 31 December 2022 £	<i>Year ended 31 December 2021 £</i>
Employees and consultants		
Wages and salaries	684,204	827,076
Pension and Superannuation costs	69,175	57,332
Health insurance	28,569	27,288
Share based payment awards	118,784	165,746
	<u>900,732</u>	<u>1,077,442</u>

Directors and employee costs have been reallocated for the prior year in line with the key management personnel disclosure in the remuneration report.

The average number of directors and employees of the Group during the year was 17 (2021: 17)

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 2022, wages and salaries of £147,839 (2021: £47,100) was charged to cost of sales.

Included in wages and salaries above is an aggregate estimated charge of £80,000 in relation to research and development.

SRJ Technologies Group Plc

**Notes to the consolidated financial statements
For the year ended 31 December 2022**

9. Intangible fixed assets

	Patents £	Development expenditure £	Total £
Cost			
At 1 January 2022	505,492	786,016	1,291,508
Additions	39,624	-	39,624
At 31 December 2022	<u>545,116</u>	<u>786,016</u>	<u>1,331,132</u>
Amortisation			
At 1 January 2022	177,758	280,984	458,742
Charge for the year	46,089	63,448	109,537
At 31 December 2022	<u>223,847</u>	<u>344,432</u>	<u>568,279</u>
Net book value			
At 31 December 2022	<u><u>321,269</u></u>	<u><u>441,584</u></u>	<u><u>762,853</u></u>
<i>At 31 December 2021</i>	<u><u>327,734</u></u>	<u><u>505,032</u></u>	<u><u>832,766</u></u>

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

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

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

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

SRJ Technologies Group Plc

**Notes to the financial statements
For the year ended 31 December 2022**

10. Tangible fixed assets

	Motor vehicles £	Rental equipment £	Seal moulds £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost							
At 1 January 2022	60,355	231,659	2,221	32,680	12,250	30,521	369,686
Additions	-	-	-	-	-	-	-
Reclassification	-	2,221	(2,221)	-	-	-	-
Adjustment	(3,956)	-	-	-	-	-	(3,956)
At 31 December 2022	<u>56,399</u>	<u>233,880</u>	<u>-</u>	<u>32,680</u>	<u>12,250</u>	<u>30,521</u>	<u>365,730</u>
Depreciation							
At 1 January 2022	9,010	51,260	861	8,819	7,087	19,193	96,230
Charge for the year	12,121	81,179	-	6,522	1,564	6,360	107,745
Reclassification	-	861	(861)	-	-	-	-
Under provision in prior year	647	-	-	-	-	-	647
At 31 December 2022	<u>21,778</u>	<u>133,300</u>	<u>-</u>	<u>15,341</u>	<u>8,651</u>	<u>25,553</u>	<u>204,622</u>
At 31 December 2022	<u>34,621</u>	<u>100,580</u>	<u>-</u>	<u>17,339</u>	<u>3,599</u>	<u>4,968</u>	<u>161,108</u>
<i>At 31 December 2021</i>	<u>51,345</u>	<u>180,399</u>	<u>1,360</u>	<u>23,861</u>	<u>5,163</u>	<u>11,328</u>	<u>273,456</u>

During the year, the seal moulds were reclassified as rental equipment. Rental equipment is subject to rental agreements. These assets relate to the holding of BoltEx hot bolting clamps that are held for either rental or for sale.

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

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

No indicators of impairment were noted during the year hence no impairment expense was recognised (31 December 2021: £nil).

SRJ Technologies Group Plc

**Notes to the consolidated financial statements
For the year ended 31 December 2022**

11. Inventory	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Inventory of parts - at cost	<u>25,980</u>	<u>24,516</u>

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

12. Debtors	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Trade debtors	204,968	<i>206,011</i>
Other debtors	36,877	<i>24,490</i>
Prepayments and accrued income	91,015	<i>46,904</i>
Called up share capital not paid	33,750	<i>-</i>
	<u>366,610</u>	<u><i>277,405</i></u>

13. Cash at bank and in hand	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Bank and cash balances	<u>559,539</u>	<u>1,097,367</u>

14. Creditors: Amounts falling due within one year	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Finance lease payable	8,578	<i>8,187</i>
Trade creditors	536,568	<i>112,070</i>
Accruals and other payables	193,028	<i>791,834</i>
	<u>738,174</u>	<u><i>912,091</i></u>

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, £3,647 and £2,169 of capital and interest respectively was paid.

15. Loans payable	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Directors' loans	<u>421,350</u>	<u>-</u>

Two directors agreed to provide an unsecured, interest free bridging facility of £421k in total, on arm's length terms with no fees whilst the new convertible loan facility was being agreed. This was subsequently repaid on 11 January 2023.

16. Creditors: Amounts falling due after one year	31 December	<i>31 December</i>
	2022	<i>2021</i>
	£	£
Finance lease payable	<u>39,013</u>	<u>45,422</u>

Notes to the consolidated financial statements
For the year ended 31 December 2022

17. Convertible debt

The Company signed a convertible loan note instrument with Raleigh Atlantic Limited on 29 March 2022 that was subsequently amended on 21 November 2022.

The term is for a period of 18 months for a face value of A\$2,000,000. Interest accrues at 8% per annum on the face value and is paid annually in either cash or shares at the discretion of the Company. The original agreement included a break fee of A\$100,000 should the facility not be drawn down in its entirety within 3 months.

On 7 September 2022 the Company agreed to settle the break fee in equity in lieu of a cash payment at the current raise price at the time of A\$0.20 equating to 500,000 shares. In addition to the 500,000 shares (A\$100,000) the Company offered an additional 166,667 Options (1:3 Options per share). The Company also requested an extension of the convertible security agreement for an additional 6 months.

Raleigh Atlantic Limited had the option to convert any outstanding face value amounts into ordinary shares at a price per share of A\$0.645 being 50% premium to the last closing price of A\$0.43 (the "Conversion Price").

On 23 November 2022 the Company drew down £279,185 and on 19 December 2022 drew down a further £387,000. Both amounts were repaid in full on 22 December 2022 without being subject to interest due to the short period of the draw down however a transaction fee was charged, payable in CDI's, to the value of £20,000.

On issuing convertible debt, the Company allocates the proceeds between a liability component and an equity component in accordance with FRS 102. Other than the break and transaction fee which were expensed, the equity and liability components of the convertible debt were identified and considered to be immaterial. The facility was cancelled post year end.

18. Issued capital

	31 December 2022 £	31 December 2021 £
Allotted, called up and fully paid		
133,082,177 (2021 - 119,015,369) Ordinary shares of £0.00018181819 (2021 - £0.00018181819 each)	24,197	21,639

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

	31 December 2022		
	<i>Shares in issue</i>	<i>Share capital</i>	<i>Share premium</i>
		£	£
Allotted, called up and fully paid (i)			
Brought forward	119,015,369	21,639	13,606,004
Issued to investors (ii)	14,066,808	2,558	1,610,402
At 31 December 2022	<u>133,082,177</u>	<u>24,197</u>	<u>15,216,406</u>

(i) Included in the above is £33,750 (\$60,000) of unpaid share premium issued.

(ii) Included in the above is £183,003 (\$325,964) of fees settled in CDI's totalling 1,629,820.

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

During the year an additional 14,066,808 shares were issued for total consideration of £1,612,960 (A\$2,849,538).

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.

SRJ Technologies Group Plc

Notes to the consolidated financial statements For the year ended 31 December 2022

19. 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 £24,000 (31 December 2021: £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 £844,926 (31 December 2021: £803,133) of employment and post-employment benefits and £nil awards of share based payments (31 December 2021: £778,054 of employment and post-employment benefits and £nil awards of share based payments). See page 7 for further analysis of directors' remuneration.

During the year loans of £210,675 each were provided from A Wood and R Pinchbeck, totalling £421,350 (2021: nil) as detailed in Note 15.

The Company has a Strategic Management Services consultancy agreement with Devi5e Pty, a Company owned by David Milner.

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
Robin Pinchbeck	316,934 Ordinary shares 226,250 NED rights
Alexander Wood	206,250 Ordinary shares 1,646,667 Performance Rights
Grant Mooney	106,237 NED rights
Andrew Mitchell	36,000 CDIs 106,237 NED rights
Roger Smith	440,000 Ordinary shares

Further to the Ordinary Shares held directly by Alexander Wood there are 27,334,755 Ordinary Shares and CDIs held by AVI Partners Limited (20.54% of issued shares), a company in which Alexander Wood holds 19.0% of the issued shares.

20. Leases for premises

The lease between SRJ Technologies Group Plc and AVI Partners Limited for the premises "Le Quai House" expired on 18 June 2021. Whilst a new lease has not yet been signed monthly rentals of £2,000 have continued under the same term.

On 11 June 2021 SRJ Technology Limited signed a Heads of Terms for a new lease with Marina Developments Limited. The terms are a rental of £15,500 per annum until 6 January 2025.

SRJ Tech Australia Pty Ltd rents offices for A\$3,849 per month without a formal lease.

21. Analysis of changes in net debt

	At 1 January 2022	Cash flows	Other non- cash changes	At 31 December 2022
	£	£	£	£
Cash and cash equivalents				
Cash at bank and in hand	1,097,367	(550,528)	12,700	559,539
Borrowings				
Finance lease	(53,609)	6,018	-	(47,591)
Net debt	<u>1,043,758</u>	<u>(544,510)</u>	<u>12,700</u>	<u>511,948</u>

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.

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**Notes to the consolidated financial statements
For the year ended 31 December 2022**

22. Post balance sheet events

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

- Convertible loan facility for a total of A\$3,500,000 signed on 15 February 2023.

23. 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.