

# ASX ANNOUNCEMENT

CODE: SRJ



26 February 2021

## 2020 Appendix 4E and Annual Report

The Directors of SRJ Technologies Group Plc (ASX:SRJ) (SRJ or the Company) are pleased to provide the Appendix 4E and the audited Annual Report for the year ended 31 December 2020.

### Results for announcement to the market

The Board is pleased to present SRJ's financial results for the financial year ending 31 December 2020, a year that included the finalisation of a pre-IPO convertible note fund raise and commencement of trading on the Australian Securities Exchange. With funding secured the Company made significant strides forward in its growth strategy despite facing the challenges of an unprecedented pandemic.

The revenue for the year of £196k fell way below expectations (2019: £552k) and can be directly attributed to delays in shut down and maintenance activities within the industry largely due to COVID-19.

Over the past 12 months the Company has focused on defining its strategy, its operations and its pathway to future growth. The COVID-19 pandemic has necessitated an agile and adaptive approach in order to deliver on its strategic initiatives. The Company has made significant progress and is well positioned to benefit from a wealth of opportunities in the partnerships and relationships it has developed. The Board remains confident that it can capitalise on the current opportunities and deliver on the growth plans for 2021.

A summary of key milestones achieved during 2020, include the following:

- Installation of product with Rio Tinto, BP Kwinana, Yara Pilbara, Aloca, CSBP and EnerMech alongside the commencement of consulting work with SBM Offshore and Petrofac.
- September 2020 – successfully commenced trading on the Australian Securities Exchange.
- September 2020 - agreement with Mitsui & Co (Australia) Ltd to explore commercial opportunities to promote SRJ's portfolio of products and services through Mitsui companies and projects across the energy, chemicals, and mining and metals sector
- October 2020 - Zamil Operations and Maintenance Co Ltd appointed as its agent for the lucrative oil and gas and pipeline market in the Kingdom of Saudi Arabia.
- October 2020 - Memorandum of Understanding (MoU) signed with Australian company Piping Speciality Supply Service Ltd as a rental provider for the BoltEx® Bolt exchange flange clamps.
- November 2020 - signed a global collaboration agreement with John Crane – a US subsidiary of diversified multinational group Smith Group Plc – to detect and mitigate fugitive methane emissions.
- December 2020 - signed a services agreement with MODEC Management Services PTE Ltd ("MODEC") for the provision of SRJ products and services to its floating platforms. MODEC is majority owned by Mitsui & Co and currently has 17 Floating Production Storage and Offloading (FPSO)/Floating Production and Offloading (FPO) platforms in operation globally with a further 6 under construction.

#### Head Office

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ARBN: 642 229 856 - a limited liability company incorporated in Jersey

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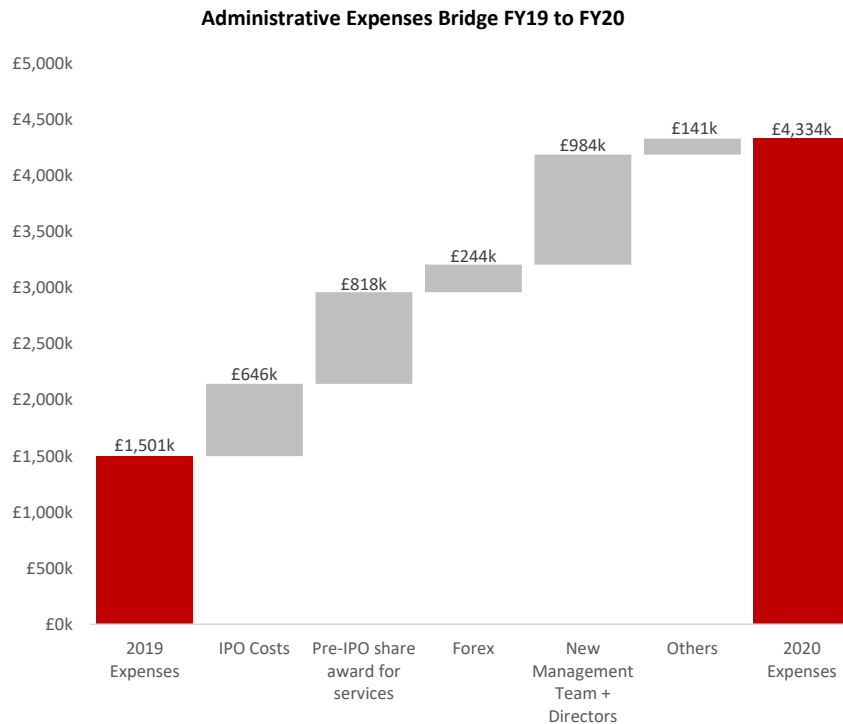
# Appendix 4E and Annual Report

CODE: SRJ



Cash and cash equivalents on the Balance Sheet is £4,012k at year end, representing an increase in cash of £2,820k (237%) from the previous year.

Administrative expenses increased from £1,501k in 2019 to £4,334k in 2020. Detailed below is an Administrative Expenses Bridge that explains the increase in expenses between 2019 and 2020. It should be noted that the IPO costs and pre-IPO share award for services are non-recurring items. The Company secured high-profile industry experts alongside a core of experienced professionals and now has a world class management team in place to continue to implement its strategy.



Additional information supporting the Appendix 4E disclosure can be found in the Annual Report which contains the Directors' Report and the 31 December 2020 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements prepared under UK GAAP for the year ended 31 December 2020 which have been audited by Grant Thornton.

# Appendix 4E and Annual Report

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Current period 1 January 2020 - 31 December 2020  
Prior period 1 January 2019 - 31 December 2019

## Results for announcement to the market

Key Information (GBP)	Year ended 31 Dec 2020	Year ended 31 Dec 2019	Change %
Revenue from ordinary activities	196,925	552,410	(64)
Net operating loss	4,143,064	767,366	440
Loss after income tax and interest	4,143,439	781,848	430
Loss attributable to ordinary equity shareholders	4,156,052	781,848	432

## Other disclosure requirements

### Dividends

As the Company continues to progress its strategy, it will continue to invest operating cashflows into strategic growth, and the Board has elected not to declare a dividend in relation to the 2020 financial year (31 December 2019: £Nil). It is the intention of the Board to profitably grow and expand the business, and to ensure shareholders benefit from that growth and expansion through capital growth in valuation of Company share price, and availability of returns for distribution. To this end, the Board will continue to update shareholders on its strategic progress.

Net tangible assets (GBP)	Year ended 31 Dec 2020	Year ended 31 Dec 2019	Change %
Net tangible assets per ordinary share	0.03	(0.73)	104

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– END –

# Appendix 4E and Annual Report

CODE: SRJ



## Investor Inquiries

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## Media Inquiries

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*This announcement has been authorised for release by the Board.*

## ABOUT SRJ TECHNOLOGIES

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

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

SRJ's range of industry accredited products are designed to maintain and assure the integrity of pressure containment systems and therefore play an important role in the overall integrity of operating facilities.

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



# SRJ TECHNOLOGIES GROUP PLC

ARBN 642 229 856

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 December 2020



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## SRJ Technologies Group Plc

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### Company information

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<b>Directors</b>	Alexander Wood Robin Pinchbeck Grant Mooney Andrew Mitchell
<b>Company secretary</b>	Benjamin Donovan
<b>Registered number</b>	115590
<b>Registered office</b> <i>Jersey</i>	Le Quai House Le Quai d'Auvergne St Helier Jersey, JE2 3TN Telephone: +(44) 01534 626818
<i>Australia</i>	C/- Ground Floor 16 Ord Street West Perth WA 6005 Telephone: +(61) 8 9482 0500
<b>Independent auditor</b>	Grant Thornton Limited Kensington Chambers 46/50 Kensington Place St Helier Jersey, JE1 1ET
<b>Accountants</b>	Bracken Rothwell Limited 2nd Floor, The Le Gallais Building 54 Bath Street St Helier Jersey, JE1 1FW
<b>Bankers</b>	Barclays Bank Plc 13 Library Place St Helier Jersey, JE4 8NE
<b>Lawyers</b>	Mourant 22 Grenville Street St Helier Jersey , JE4 8PX

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## SRJ Technologies Group Plc

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## SRJ Technologies Group Plc

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### Chairman's Statement

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Dear Shareholder,

It is my pleasure to present the 2020 Annual Report for SRJ Technologies Group plc (SRJ or the Company), the first since our listing on the Australian Securities Exchange (ASX) in September 2020. This report takes the time to reflect on the significant achievements of our Company over the past 12 months.

Our ASX listing followed a successful, heavily oversubscribed Initial Public Offer (IPO) which raised A\$8 million before costs and resulted in a strategic holding from Mitsui & Co. (Australia) Ltd, joining existing shareholders Ellerston Capital and Regal Funds Management on our register, among many others.

SRJ develops and distributes a range of weld-free coupling and leak containment solutions for pipeline and process pipework systems, with our products designed primarily for pipe repair and emergency replacement, but also for incorporation into new pipeline systems.

Based on our 28 patents across seven patent families, SRJ's weld-free technology disrupts the traditional methods used in many different process industries. Our solution is significantly more time and cost efficient, safer and more sustainable; and our specialist consulting service Asset Integrity Management (AIM) enables SRJ's wider offering by creating a path to market for our products.

Adoption of our systems is growing and our customers over the past year have included major industry players such as Rio Tinto, BP, Alcoa, CSBP and EnerMech. Since our ASX listing, we have continued to build new commercial relationships, striking deals with Mitsui & Co and subsidiary MODEC Management Services, Smith Group Plc US subsidiary John Crane, and Australian company Piping Speciality Supply Service. We also appointed Zamil Operations and Maintenance Co Ltd as our agent for the lucrative oil and gas and pipeline market in Saudi Arabia.

It is pleasing we have been able to achieve this progress against a backdrop of market uncertainty related to the global COVID-19 pandemic, which caused widespread delays of repairs and maintenance and capital expenditure on new projects in industries in which our products are used. This has unfortunately affected our revenue for FY2020. However, it has provided us with the opportunity for building relationships, further refining our strategy and planning our entry into new markets. We expect to see a significant improvement in operating conditions over the coming 12 months as many of these delayed projects finally roll out.

With respect to our outlook for FY2021, we expect to achieve further growth and expansion in our business as we execute on our plans, particularly in the Australian and European oil and gas markets where we see substantial commercial upside. COVID-19 has provided unforeseen opportunities and we expect once activity returns to normal levels, we will be able to deliver improvements across all key metrics.

I would like to thank our Management and staff for their considerable efforts through a challenging year. I also thank my fellow Board members for their contributions, and importantly I thank our Shareholders for your ongoing support of SRJ.

Having laid a strong foundations for growth through FY2020, we expect to see SRJ make significant progress in CY2021 and I look forward to keeping you informed of our journey.



Robin Pinchbeck  
Chairman  
SRJ Technologies Group plc



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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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The directors present their report and the financial statements of SRJ Technologies Group Plc (formerly SRJ Technologies Limited) (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2020.

#### 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 results of SRJ Tech Australia Pty Ltd are consolidated in the comparative period from the date of registration. The Company also owns 100% of the issued share capital of Acorn Intellectual Properties Limited, a Company incorporated in Jersey which has the primary activity of holding intellectual property.

#### Review of activities

During the year the Company concluded on the Pre-IPO fund raise of convertible loan notes raising a further £1,728,039 (A\$3,132,116). Issue costs have been charged to the Consolidated Statement of Comprehensive Income for the year.

In September 2020, the Company listed on the Australian Securities Exchange (ASX) to raise A\$8,000,000 in order to accelerate the Group's growth plan. Under the IPO, a total of 16,000,000 Chess Depository Receipts (CDI's) were issued at \$0.50 per CDI.

During the year ended 31 December 2020, the Group built out its management and engineering team to drive revenue growth and business development. With an experienced team in place the Company successfully listed on the ASX on 18 September 2020.

A summary of key milestones achieved during 2020, include the following:

- September 2020 - successfully commenced trading on the ASX.
- September 2020 - agreement with Mitsui & Co (Australia) Ltd to explore commercial opportunities to promote SRJ's portfolio of products and services through Mitsui group of companies and projects across the energy, chemicals, and mining and metals
- October 2020 - Zamil Operations and Maintenance Co Ltd appointed as its agent for the lucrative oil and gas and pipeline market in the Kingdom of Saudi Arabia.
- October 2020 - Memorandum of Understanding (MoU) signed with Australian company Piping Speciality Supply Service Ltd as a rental provider for the BoltEx® Bolt exchange flange clamps.
- November 2020 - signed a global collaboration agreement with John Crane – a US subsidiary of diversified multinational group Smith Group Plc – to detect and mitigate fugitive methane emissions.
- December 2020 - signed a services agreement with MODEC Management Services PTE Ltd ("MODEC") for the provision of SRJ products and services to its floating platforms. MODEC is majority owned by Mitsui & Co and currently has 17 Floating Production Storage and Offloading (FPSO)/Floating Storage and Offloading (FSO) platforms in operation globally with a further 6 under construction.

These agreements provide the Group with significant leverage into both established and new markets but more importantly quickly position SRJ to take advantage of already established networks to secure contracts and work. Delays to activity in the industry as a result of the global pandemic are mostly out of our control but our responsive, supportive approach to our clients has created access to a wealth of opportunities for revenue growth and we are confident we can deliver on this during 2021.

#### Initial Public Offer

On 7 August 2020, the Company issued a Prospectus for an Initial Public Offer (IPO) of 18,916,252 shares at an issue price of A\$0.50 to raise A\$8,000,000 (before costs) for the Company and issue A\$1,458,126 in proceeds to selling shareholders.

A Replacement Prospectus was subsequently lodged on 21 August 2020. On 18 September 2020, the Company commenced trading on the ASX.

#### 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 period.

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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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#### Earnings Per Share

	2020	2019
	£	£
Loss for the year	(4,143,439)	(781,848)
Weighted average number of shares	35,289,358	1,436,992
Basic and diluted loss per share	<u>(0.12)</u>	<u>(0.54)</u>

#### Financial position

The Group's cash position as at 31 December 2020 was £4,012,248 (2019: £1,191,983). The Group's cash position is adequate to fund the strategic growth plans alongside future revenue generation.

#### Going Concern

The Group made a loss in the year in the amount of £4,143,439 (31 December 2019: £781,848) and as at 31 December 2020 was in a net asset position of £5,016,852 (31 December 2019: net liability position of £125,810).

During the year under review the Company concluded a £3.90m (A\$7m) fund raise from third party investors and successfully concluded its planned IPO on the ASX raising an additional £4.55m (A\$8m) in September 2020. The Directors have a reasonable expectation that both further sales of the product and/or consulting revenues will be achieved but there is no guarantee as to the level of sales that will occur. The Directors' have concluded that these circumstances, whilst uncertain, do not cast significant doubt upon the Group's ability to continue as a going concern.

#### Dividends paid

There were no dividends paid in the year under review (2019 - £NIL).

#### Results

The Consolidated Statement of Comprehensive Income for the year is set out on page 16.

#### Directors

The directors who served during the year and subsequently were:

Alexander Wood  
Robin Pinchbeck  
Grant Mooney (appointed 2 June 2020)  
Andrew Mitchell (appointed 18 June 2020)  
Kim Berkov (resigned 7 May 2020)  
Roger Smith (resigned 24 July 2020)  
Stefan McGreevy (resigned 24 July 2020)

#### 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.

#### 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 amongst other services.

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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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#### On-Market buy back

The Company has not undertaken any on market buy backs.

#### Company secretary

The Company secretary who was appointed on 2 June 2020 was Benjamin Donovan. The previous company secretary who held office throughout the year and resigned on 2 June 2020 was H.S. Corporate Services Limited.

#### 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 27,781,105\*, and 2,470,000 performance rights performance rights that will vest on 18 September 2022 if performance conditions are met.

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 ordinary fully paid shares of 201,135, and 380,000 performance rights that will vest on 18 September 2022.

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

##### **Grant Mooney, Independent Non-Executive Director**

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

**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.

Mr Mooney has no relevant interest in the Company.

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

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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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#### **Andrew Mitchell, Independent Non-Executive Director**

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

**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.

#### **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.

#### **Board meetings held and attended**

During the financial year ended 31 December 2020, the following director meetings were held:

Director	Eligible to attend*	Attended*
Alexander Wood	9	9
Robin Pinchbeck	9	8
Grant Mooney	5	5
Andrew Mitchell	5	4
Kim Berkov (resigned)	4	1
Roger Smith (resigned)	5	4
Stefan McGreevy (resigned)	5	5

\*Excludes meetings held by circular resolution

#### **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
Alexander Wood	Chief Executive Officer
Robin Pinchbeck	Non-Executive Chairman
Grant Mooney	Non-Executive Director
Andrew Mitchell	Non-Executive Director
Roger Smith	Head of Europe, Middle East and Africa (EMEA)
Stefan McGreevy	Chief Financial Officer
Paul Eastwood	Technical Director

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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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#### Remuneration Report (continued)

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 the Remuneration and Nominations Committee ("the Committee"). Remuneration levels for Directors and senior executives of the Company will be 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

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.

**SRJ Technologies Group Plc**

**Directors' Report  
For the year ended 31 December 2020**

**Remuneration Report (continued)**

Details of the remuneration of key management personnel of the Company is set out in the following table;

Key Management Personnel	Position	Commenced	Term	Short term benefits Salary, fees and bonuses		Post employment benefits Superannuation		Share based payments Equity settled shares		Total	
				2020 £	2019 £	2020 £	2019 £	2020 <sup>5</sup> £	2019 £	2020 £	2019 £
Robin Pinchbeck	Non-Executive Chairman	19 November 2019	1	50,000	5,890	-	-	107,199	-	157,199	5,890
Grant Mooney	Non-Executive Director	02 June 2020	1	12,902	-	-	-	-	-	12,902	-
Andrew Mitchell	Non-Executive Director	18 June 2020	1	13,028	-	-	-	-	-	13,028	-
Alexander Wood	Chief Executive Officer	01 August 2011	2	224,250	224,250	-	-	696,795	-	921,045	224,250
Roger Smith	Head of EMEA	01 October 2019	2	150,000	37,500	-	-	589,596	-	739,596	37,500
Stefan McGreevy	Chief Financial Officer	01 November 2019	2	141,600	46,667	9,450	-	321,598	-	472,648	46,667
Paul Eastwood	Technical Director	01 January 2020	2	130,000	-	-	-	214,399	-	344,399	-
Kim Berknov	Non-Executive Director	18 November 2014	3	-	-	-	-	-	-	-	-
Simon Humphreys	Executive Director	20 January 2016	4	-	53,167	-	-	-	-	-	53,167
				<b>721,780</b>	<b>367,474</b>	<b>9,450</b>	<b>-</b>	<b>1,929,587</b>	<b>-</b>	<b>2,660,817</b>	<b>367,474</b>

Notes:

- 1) The term expires at the next annual meeting where the position is up for re-election.
- 2) No fixed term.
- 3) Resigned as Non-Executive Director on 7 May 2020.
- 4) Resigned as Executive Director 19 November 2019.
- 5) Refers to the total value of performance rights awarded in the year. The pro-rated expense from date of grant to 31 December 2020 is included on page 9.

## SRJ Technologies Group Plc

### Directors' Report For the year ended 31 December 2020

#### Remuneration Report (continued)

#### Share-based Compensation

##### Performance Rights issued as Remuneration

The terms and conditions of each performance right affecting key management personnel during 2020 are as follows:

Key Management Personnel	Performance Rights awarded	Grant Date	Vesting Date	Exercise Price	Fair Value of Right	Value of Performance Rights granted
Robin Pinchbeck	380,000	18/09/2020	18/09/2022	nil	A\$0.50	A\$190,000
Alexander Wood	2,470,000	18/09/2020	18/09/2022	nil	A\$0.50	A\$1,235,000
Grant Mooney	-	-	-	-	-	-
Andrew Mitchell	-	-	-	-	-	-
Roger Smith	2,090,000	18/09/2020	18/09/2022	nil	A\$0.50	A\$1,045,000
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

There were no performance rights awarded in 2019. There were no Performance Rights that vested or lapsed during 2020.

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 are 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); and
- continuity of employment/engagement with the Company from Listing until the vesting date.

As at the year end the 15-day VWAP requirements had been met but not the financial/operational nor the continuity of employment/engagement conditions. The value of the PRs granted in the year assuming all associated conditions are met are as follows:

Key Management Personnel	Value of PRs granted	Value of PRs granted	Remuneration consisting of PRs granted
	A\$	£	%
Robin Pinchbeck	190,000	107,199	68
Alexander Wood	1,235,000	696,795	76
Grant Mooney	-	-	-
Andrew Mitchell	-	-	-
Roger Smith	1,045,000	589,596	80
Stefan McGreevy	570,000	321,598	71
Paul Eastwood	380,000	214,399	59

#### Additional Disclosures relating to Key Management Personnel

##### Shareholding

The number of shares in the Company held during 2020 by each director and other members of key management personnel of the Company, including their personally related parties, is set out in the following table below:

Key Management Personnel	Balance at 1 January 2020	Received as part of remuneration	Additions	Disposals/other	Balance at 31 December 2020
Robin Pinchbeck	201,135	-	-	-	201,135
Alexander Wood <sup>1</sup>	206,250	-	-	-	206,250
Grant Mooney	-	-	-	-	-
Andrew Mitchell	-	-	36,000	-	36,000
Roger Smith	440,000	-	-	-	440,000
Stefan McGreevy	-	-	-	-	-
Paul Eastwood	-	-	-	-	-

<sup>1</sup> excludes 27,574,855 ordinary shares held by AVI Partners Limited. Alexander Wood owns 19% of the issued shares in AVI.

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## SRJ Technologies Group Plc

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### Directors' Report For the year ended 31 December 2020

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#### Remuneration Report (continued)

##### Performance Rights

The number of Performance Rights held during the financial year ended 31 December 2020 by the key management personnel, including their personally related parties, is set out below:

Key Management Personnel	Balance at 1 January 2020	Granted	Exercised	Expired/ other	Balance at 31 December 2020
Robin Pinchbeck	-	380,000	-	-	380,000
Alexander Wood	-	2,470,000	-	-	2,470,000
Grant Mooney	-	-	-	-	-
Andrew Mitchell	-	-	-	-	-
Roger Smith	-	2,090,000	-	-	2,090,000
Stefan McGreevy	-	1,140,000	-	-	1,140,000
Paul Eastwood	-	760,000	-	-	760,000

No Performance rights were issued during the financial year ended 31 December 2019.

##### 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.

A loan outstanding at 31 December 2019 of £1,725 due from SRJ Limited to AVI Partners Limited (AVI), a related party to Alexander Wood, was repaid during the financial year ended 31 December 2020. There were no other loans to/from related parties of key management personnel during the financial year.

In August 2020 AVI received 51,207 shares with value £13.67 per share (total value £700,000) for consultancy services rendered in the period up to listing. During the year AVI also received commissions of £5,397 for introducing new investors to the Company. In addition to this a wholly owned subsidiary of AVI also leases office space to the Company, the annual charge for this is £24,000.

##### 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.

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

##### Non-Audit Services

During the year, Grant Thornton Channel Islands (GTCL) continued to provide statutory and interim audit services. Both Grant Thornton Channel Islands and Grant Thornton Australia provided non-audit services to the Group. These included tax compliance reporting and the investigating accountant's report for the prospectus in respect of the listing. Both firms are member firms of Grant Thornton International. 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.



Director: Alexander Wood

Date: 24 February 2021



## SRJ Technologies Group Plc

### ASX Additional Information For the year ended 31 December 2020

#### Substantial Holders

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

#### Ordinary shares and CDI's combined

Name	Number of securities	% of Issued Combined
AVI Partners Limited	27,574,855	23.17
Solibay Capital Partners Inc	8,626,541	7.25
Regal Funds Management Pty Ltd	6,033,028	5.07

#### Distribution of securities

Number of Ordinary Shares and CDI's combined	Number of holders	Number combined
1-1,000	39	28,051
1,001-5,000	149	483,996
5,001-10,000	186	1,573,353
10,001-100,000	329	11,417,840
100,001 and over	97	105,512,129
Total	800	119,015,369

There were nil holders of securities holding less than a marketable parcel.

#### Top Twenty Securities

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 shares
1 AVI Partners Limited	27,574,855	23.17
2 Solibay Capital Partners Inc	8,626,541	7.25
3 Regal Funds Management Pty Ltd	6,030,528	5.07
4 National Nominees Limited	4,178,499	3.51
5 Enso Ventures 1 Ltd	3,520,000	2.96
6 Mr Alastair Syvret + Mrs Katherine Syvret	3,005,805	2.53
7 Kimera Limited	2,693,405	2.26
8 Raleigh Atlantic Ltd	2,652,705	2.23
9 HSBC Custody Nominees (Australia) Limited	2,528,582	2.12
10 Mainstream Funds Services Pty Ltd	2,521,250	2.12
11 Sealyham Investments Limited	2,376,000	2.00
12 Jonathan Charles Rowell Morley-Kirk	1,831,500	1.54
13 Estate Of Anthony Warburton	1,798,500	1.51
14 Harry Mitchell	1,637,714	1.38
15 Jonathan Giles	1,558,095	1.31
16 Alitime Nominees Pty Ltd	1,404,195	1.18
17 Ubold Investments Limited	1,219,149	1.02
18 Benjamin Warner	1,277,000	1.07
19 Mirdas Ltd	1,133,000	0.95
20 John Manning	1,107,480	0.93
Top Twenty Securities Total	78,674,803	66.11
Remaining Securities	40,340,566	33.89
	119,015,369	100.00

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## SRJ Technologies Group Plc

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### ASX Additional Information For the year ended 31 December 2020

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#### Restricted Securities

Securities that are subject to voluntary restrictions are as follows:

<b>Voluntary Restriction</b>	<b>Ordinary Shares</b>	<b>CDI's</b>	<b>Performance Rights</b>
6 months (expires 18/3/21)	32,494,487	15,924,500	-
12 months (expires 18/9/21)	494,291	250,000	-
24 months (expires 18/9/22)	1,000,010	859,285	1,934,000

#### 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/](http://www.srj-technologies.com/investors/)

#### Voting Rights of Shares

Subject to the Jersey Companies Law 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 Despository Nominees Pty Limited to vote on their behalf

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## SRJ Technologies Group Plc

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### Statement of Directors' Responsibilities For the year ended 31 December 2020

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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.

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## SRJ Technologies Group Plc

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### Independent auditors' report To the members of SRJ Technologies Group Plc

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#### Opinion

##### **Our opinion on the consolidated financial statements is unmodified.**

We have audited the consolidated financial statements of SRJ Technologies Group Plc for the year ended 31 December 2020 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 Flows 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) and the Companies (Jersey) Law 1991.

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 2020 and of the Group's loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group 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.

#### Key audit matters

##### **Risk 1 Impairment of intangible assets**

At 31 December 2020, the Group carried a balance on Intangible Assets of £897,779. This comprised of both patents and development expenditure. The Group accounts for patent and development expenditure initially at cost and thereafter after accumulated amortisation and any accumulated impairment losses.

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

#### How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- We reviewed the basis of the carrying value of intangibles as at the balance sheet date, which has been calculated as being cost less impairment with intangibles are amortised over 13 years. We assessed this for compliance with the accounting standards.
- Tested additions on a sample basis to supporting documentation. We assessed the appropriateness of the Group's capitalisation policy to accounting standards.
- We reviewed the discounted cash flow projections for the Group until the end of life of the intangibles carrying out sensitivity analysis on the sales and growth rate. We applied a discount rate based on the average cost of capital for other companies with the same industry group and performed calculations to determine the headroom (present value exceeds carrying amount) available and gauge impairment risk.
- We inquired of management if there were indications of impairment and critically examined these assumptions based on our knowledge of the Group's legal and economic environment.

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

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## SRJ Technologies Group Plc

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### Independent auditors' report To the members of SRJ Technologies Group Plc

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#### **Key audit matters (continued)**

##### **Key observations**

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

##### **Materiality**

###### **Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work. Materiality was determined as follows:

###### **Financial statements as a whole:**

£54,500 which is 1% of Total Assets. This benchmark is considered the most appropriate on the basis that, although the Group is a profit oriented, the Group has been in a net loss position since 2014 from the time it began its operation. We have used 1% as a benchmark percentage with the consideration that it is listed on stock exchange and also the Group is considered to be Public Interest Entity.

###### **Performance materiality used to drive the extent of our testing:**

60% of financial statement materiality for the audit of the financial statements.

###### **Specific materiality:**

None calculated.

###### **Communication of misstatements to the audit committee:**

We agreed that we will communicate audit differences identified through the course of audit in excess of £2,700. We also agreed to report misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

##### **An overview of the scope of our audit**

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- evaluation by the audit team of the significant risks and determine the planned audit response based on a measure of materiality
- understanding and evaluation the Group's internal controls environment including its IT systems and controls;
- for components determined to be significant, a full scope or performance of specific procedures was taken based on their relative
- substantive testing on significant transaction, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the Group control environment and the management of specific risks.
- performing test of design of key controls over revenue process and intangibles valuation process

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Consolidated Financial Statements set out on pages 1 to 12, other than the financial statements and our auditor's report thereon. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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## SRJ Technologies Group Plc

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### Independent auditors' report To the members of SRJ Technologies Group Plc

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Group's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Alexander R Langley**  
*For Grant Thornton Limited*  
*Chartered Accountants*  
*St Helier*  
*Jersey*

**Date** 24 February 2021

**SRJ Technologies Group Plc**

**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 December 2020**

	Notes	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	4	196,925	552,410
Cost of sales		(77,892)	(215,292)
<b>Gross profit</b>		<b>119,033</b>	<b>337,118</b>
Administrative expenses		(4,333,522)	(1,500,490)
Other operating income	5	71,425	396,006
<b>Operating loss</b>		<b>(4,143,064)</b>	<b>(767,366)</b>
Interest payable and expenses		(375)	(14,482)
<b>Loss for the financial year</b>		<b>(4,143,439)</b>	<b>(781,848)</b>
<b>Other comprehensive income:</b>			
Loss on translation of foreign subsidiary		(12,613)	-
<b>Total comprehensive loss for the year</b>		<b>(4,156,052)</b>	<b>(781,848)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Ordinary equity holders of the parent		<b>(4,156,052)</b>	<b>(781,848)</b>
<i>Earnings Per Share</i>			
Basic and diluted loss per share for the year attributable to ordinary equity holders of the parent		<b>(0.12)</b>	<b>(0.54)</b>

There were no recognised gains and losses for the year ended 31 December 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 32 form part of these financial statements.

**SRJ Technologies Group Plc**

**Consolidated Statement of Financial Position  
As at 31 December 2020**

	Notes	31 December 2020 £	31 December 2019 £
<b>Fixed assets</b>			
Intangible assets	10	897,779	950,458
Tangible assets	11	40,842	8,544
		<u>938,621</u>	<u>959,002</u>
<b>Current assets</b>			
Stocks	12	18,125	-
Debtors: amounts falling due within one year	13	145,937	210,508
Cash at bank and in hand	14	4,012,248	1,191,983
		<u>4,176,310</u>	<u>1,402,491</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(98,079)	(2,487,303)
Net current assets/(liabilities)		<u>4,078,231</u>	<u>(1,084,812)</u>
Total assets less current liabilities		<u>5,016,852</u>	<u>(125,810)</u>
Net assets/(liabilities)		<u><u>5,016,852</u></u>	<u><u>(125,810)</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	21,639	14,667
Share premium account	16	13,606,004	4,574,028
Share based payment reserve	7	259,766	-
Translation reserve		(12,613)	-
Profit and loss account		(8,857,944)	(4,714,505)
		<u>5,016,852</u>	<u>(125,810)</u>

The financial statements were approved and authorised for issue by the board on 24 February 2021 and were signed on its behalf by:



Name: Alexander Wood

**Director**

Date: 24 February 2021

The notes on pages 20 to 32 form part of these financial statements.



**SRJ Technologies Group Plc**

**Consolidated Statement of Changes in Equity  
For the year ended 31 December 2020**

	Called up share capital £	Share premium £	Share based payment reserve £	Translation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	14,086	4,053,022	-	-	(3,932,657)	134,451
Total comprehensive loss for the year	-	-	-	-	(781,848)	(781,848)
Shares issued during the year (note 16)	581	521,006	-	-	-	521,587
<b>At 31 December 2019</b>	<u>14,667</u>	<u>4,574,028</u>	<u>-</u>	<u>-</u>	<u>(4,714,505)</u>	<u>(125,810)</u>
Total comprehensive loss for the year	-	-	-	(12,613)	(4,143,439)	(4,156,052)
Shares issued during the year (note 16)	611	817,168	-	-	-	817,779
CDIs issued during the year (note 16)	6,361	8,214,808	-	-	-	8,221,169
Issue of share awards (note 7)	-	-	259,766	-	-	259,766
<b>At 31 December 2020</b>	<u><u>21,639</u></u>	<u><u>13,606,004</u></u>	<u><u>259,766</u></u>	<u><u>(12,613)</u></u>	<u><u>(8,857,944)</u></u>	<u><u>5,016,852</u></u>

The notes on pages 20 to 32 form part of these financial statements.

**SRJ Technologies Group Plc**

**Statement of Cash Flows  
For the year ended 31 December 2020**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Cash flows used in operating activities</b>		
Loss for the financial year	(4,143,439)	(781,848)
<b>Adjustments for:</b>		
Amortisation of intangible assets	100,171	91,940
Depreciation of tangible assets	9,181	3,602
Government grants	(58,243)	(361,493)
VAT liability written off	(13,182)	-
Interest paid	383	14,482
Bad debt written off	3,270	-
Share based payments for consultancy fees	817,767	-
Unvested share based payments awarded	259,766	-
(Increase)/decrease in stocks	(18,125)	4,638
Decrease/(increase) in debtors	61,301	(96,259)
Decrease in creditors	(149,326)	(277,264)
<b>Net cash used in operating activities</b>	<b>(3,130,476)</b>	<b>(1,402,202)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(47,492)	(177,776)
Purchase of tangible fixed assets	(41,479)	(6,264)
Government grants received	58,243	361,493
<b>Net cash (used in)/provided from investing activities</b>	<b>(30,728)</b>	<b>177,453</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	4,562,808	521,587
Payment of transaction costs relating to the issue of shares	(294,657)	-
Repayment of loans	(1,725)	(288,522)
Repayment of debenture loans	-	(36,258)
Interest paid	(383)	(14,482)
Issuance of convertible loan notes	1,728,039	2,224,992
<b>Net cash provided from financing activities</b>	<b>5,994,082</b>	<b>2,407,317</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,832,878</b>	<b>1,182,568</b>
<b>Effect of changes in foreign exchange rate</b>		
Effect of translating results of an overseas subsidiary	(12,613)	-
Cash and cash equivalents at beginning of year	1,191,983	9,415
<b>Cash and cash equivalents at the end of year</b>	<b>4,012,248</b>	<b>1,191,983</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,012,248	1,191,983

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## SRJ Technologies Group Plc

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### Notes to the financial statements For the year ended 31 December 2020

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#### 1. General information

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

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

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

The name of the Company was changed from SRJ Technologies Limited by special resolution approved by the Board on 18 March 2020.

#### 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 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 period are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate using accounting policies consistent with those of the Parent. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

##### 2.3 Going concern

The Group made a loss in the year in the amount of £4,143,439 (31 December 2019: £781,848) and as at 31 December 2020 was in a net asset position of £5,016,852 (31 December 2019: net liability position of £125,810).

During the year under review the Company concluded a £3.90m (A\$7m) fund raise from third party investors and successfully underwent its planned IPO on the Australian Securities Exchange (ASX) raising an additional £4.55m (A\$8m) in September 2020. The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved but there is no guarantee as to the level of sales that will occur. The Directors have concluded that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern.

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

**Notes to the financial statements  
For the year ended 31 December 2020**

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

**2.4 Foreign currency**

**Functional and presentation currency**

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

**Foreign translation**

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

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

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

**2.5 Revenue**

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

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

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

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

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

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

**2.6 Research and development**

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

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

**Notes to the financial statements  
For the year ended 31 December 2020**

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

**2.7 Government grants**

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

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

**2.8 Interest income**

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

**2.9 Finance costs**

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

**2.10 Pensions**

**Defined contribution**

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

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

**2.11 Share based payments**

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

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

**2.12 Intangible assets**

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

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

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

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

Notes to the financial statements  
For the year ended 31 December 2020

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2. Summary of significant accounting policies (continued)

**2.13 Impairment of assets**

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

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

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

**2.14 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	20%
Computer equipment	-	33%
Plant and machinery	-	20%
Seal moulds	-	33%

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

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

**2.15 Investment in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Stocks**

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

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

**2.17 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.18 Cash and cash equivalents**

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

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

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## SRJ Technologies Group Plc

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### Notes to the financial statements For the year ended 31 December 2020

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

##### 2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.20 Equity and reserves

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

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

Other components of equity include the following:

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

##### 2.21 Financial instruments

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

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

##### 2.22 Convertible debt

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

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

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

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

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

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

##### Impairment of intangible assets

The carrying value of intangible assets, which comprise Intellectual Property in the form of patent and development costs (IP), are dependent on the expected future revenue from product sales and services rendered in connection with the IP. Based on the Board's expectations, as outlined in the going concern assessment of the Group, the Directors are confident that the future expected return from sales and services for the Group is sufficient to assume there are no indicators of impairment in respect of the IP of the Group.

##### Useful life of intangible assets

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

**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

**4. Turnover**

Turnover, analysed geographically between markets, was as follows:

	<b>31 December 2020</b>		
	<b>Product sales</b>	<b>Services rendered</b>	<b>Total</b>
	£	£	£
Jersey	-	51,682	51,682
United Kingdom	-	9,165	9,165
Australia	<u>129,477</u>	<u>6,601</u>	<u>136,078</u>
	<u><u>129,477</u></u>	<u><u>67,448</u></u>	<u><u>196,925</u></u>
	<i>31 December 2019</i>		
	<i>Product sales</i>	<i>Services rendered</i>	<i>Total</i>
	£	£	£
Jersey	<u>552,410</u>	<u>-</u>	<u>552,410</u>

There was no revenue from product sales or services rendered generated in the United Kingdom or Australia in 2019.

**5. Other operating income**

	<b>Year ended 31 December 2020</b>	<i>Year ended 31 December 2019</i>
	£	£
Government grants receivable	58,243	361,493
VAT liability written off	13,182	-
Loan written off	-	34,513
	<u>71,425</u>	<u>396,006</u>

**6. Auditor remuneration**

	<b>Year ended 31 December 2020</b>	<i>Year ended 31 December 2019</i>
	£	£
Annual and interim audit	31,000	11,550
Non-audit services	64,078	-
	<u>95,078</u>	<u>11,550</u>

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

**7. Share based payments**

During the year the Board approved the grant of 8,014,000 Performance Rights (PR) under Equity Incentive Plans (EIPs). The award of PRs were allocated as follows;

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



**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

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

Under the EIPs, 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.

	<b>Target 15-day VWAP A\$</b>	<b>No of Performance Rights</b>
Tranche 1	0.60	4,024,000
Tranche 2	0.65	2,470,000
Tranche 3	0.75	1,520,000

The 15-day VWAP target for all three tranches was met during the year therefore the VWAP criteria of Tranches 1 and 2 were achieved. Tranche 3 has additional performance criteria that will not become achievable until the end of 2021. On the grant date, the CDIs had fair value of A\$0.50 each. The expense to the Group in 2020 based on qualifying PRs issued is analysed as follows;

	<b>Fair value per CDI A\$</b>	<b>No of Performance Rights</b>	<b>Year ended 31 December 2020 £</b>
Directors remuneration	0.50	2,026,666	<b>81,068</b>
Staff remuneration	0.50	4,267,334	<b>170,059</b>
Consultancy fees	0.50	200,000	<b>8,639</b>
			<b>259,766</b>

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

**8. Remuneration of directors and staff**

	<b>Year ended 31 December 2020 £</b>	<i>Year ended 31 December 2019 £</i>
<b>Directors</b>		
Salaries and fees	<b>424,755</b>	246,131
Share based payment awards	<b>81,068</b>	-
	<b>505,823</b>	246,131
<b>Employees</b>		
Wages and salaries	<b>954,162</b>	267,482
Pension and Superannuation costs	<b>59,575</b>	5,907
Health insurance	<b>27,443</b>	-
Share based payment awards	<b>170,059</b>	-
	<b>1,211,239</b>	273,389

The average number of employees of the Group during the year was 13 (2019: 9)

**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

**9. Fixed asset investments**

	<b>31 December 2020</b>	<i>31 December 2019</i>
	£	£
Investment in subsidiaries, at cost	<b>22,783</b>	22,783

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

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

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

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

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

**10. Intangible assets**

	<b>Patents</b>	<b>Development expenditure</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 January 2020	<b>453,932</b>	<b>750,609</b>	<b>1,204,541</b>
Additions	<b>29,956</b>	<b>17,536</b>	<b>47,492</b>
At 31 December 2020	<b>483,888</b>	<b>768,145</b>	<b>1,252,033</b>
<b>Amortisation</b>			
At 1 January 2020	<b>97,967</b>	<b>156,116</b>	<b>254,083</b>
Charge for the year	<b>38,727</b>	<b>61,444</b>	<b>100,171</b>
At 31 December 2020	<b>136,694</b>	<b>217,560</b>	<b>354,254</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>347,194</b>	<b>550,585</b>	<b>897,779</b>
<i>At 31 December 2019</i>	<i>355,965</i>	<i>594,493</i>	<i>950,458</i>

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

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

**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

**11. Tangible assets**

Group	Seal moulds £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2020	-	-	6,867	14,601	21,468
Additions	2,221	24,860	4,985	9,413	41,479
At 31 December 2020	<u>2,221</u>	<u>24,860</u>	<u>11,852</u>	<u>24,014</u>	<u>62,947</u>
<b>Depreciation</b>					
At 1 January 2020	-	-	4,503	8,421	12,924
Charge for the year	162	3,149	1,062	4,808	9,181
At 31 December 2020	<u>162</u>	<u>3,149</u>	<u>5,565</u>	<u>13,229</u>	<u>22,105</u>
<b>Net book value</b>					
At 31 December 2020	<u>2,059</u>	<u>21,711</u>	<u>6,287</u>	<u>10,785</u>	<u>40,842</u>
At 31 December 2019	<u>-</u>	<u>-</u>	<u>2,364</u>	<u>6,180</u>	<u>8,544</u>

**12. Inventory**

	31 December 2020 £	31 December 2019 £
Stock on hand	<u>18,125</u>	<u>-</u>

**13. Debtors**

	31 December 2020 £	31 December 2019 £
Trade debtors	90,896	3,316
Other debtors	55,041	207,192
	<u>145,937</u>	<u>210,508</u>

**14. Cash at bank and in hand**

	31 December 2020 £	31 December 2019 £
Bank and cash balances	<u>4,012,248</u>	<u>1,191,983</u>

**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

15. Creditors: Amounts falling due within one year	31 December 2020 £	31 December 2019 £
Loans	-	1,725
VAT held on account	-	13,182
Trade creditors	21,767	206,714
Convertible loan note (see Note 16)	-	2,224,992
Accruals and other payables	76,312	40,690
	<b>98,079</b>	<b>2,487,303</b>

In October 2019, the Company commenced a pre-IPO fund raise issuing A\$7,000,000 (GBP: £3,953,031) of convertible loan notes to investors. Issue costs have been charged to the Consolidated Statement of Comprehensive Income for the period.

The terms of the loan notes (the "notes") state that the notes are issued for consideration of their face value, being A\$100 per note and they have a initial maturity date of 12 months after the issue date. The notes will be converted into equity shares on the conversion date based on the lower of:

- (a) 80% multiplied by the IPO Offer Price or the Trade Sale Price, as applicable; and
- (b) the Valuation Cap (A\$ 42m) divided by the number of Securities in issue on the Conversion Date.

The convertible loan notes that were initially issued in October 2019 were converted in full to CDIs on the listing date of the Group on 18 September 2020 at a deemed issue price of 80% of the IPO Offer Price (A\$0.40 per share). On conversion of the A\$7,000,000 of notes in issue, 17,500,000 new CDIs were created (see note 16 for further details).

16. Issued capital	31 December 2020 £	31 December 2019 £
<b>Allotted, called up and fully paid</b>		
119,015,369 (2019 - 1,466,735) Ordinary shares of £0.00018181819 (2019 - £0.01 each)	21,639	14,667

**31 December 2020**

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

**31 December 2019**

	Shares in issue	Share capital £	Share premium £
<b>Allotted, called up and fully paid</b>			
Brought forward	1,408,589	14,086	4,053,022
Shares issued to investors	58,146	581	521,006
At 31 December	<b>1,466,735</b>	<b>14,667</b>	<b>4,574,028</b>

## SRJ Technologies Group Plc

### Notes to the financial statements For the year ended 31 December 2020

#### 16. Issued capital (continued)

During the year prior to the listing on the ASX, 61,072 £0.01 Ordinary shares were issued for consideration of £817,779 of which £817,169 was share premium. These shares were issued to third parties in lieu of cash payment for consultancy services in the run up to the listing and to an employee in respect of their contractual performance conditions. In the prior year, 58,146 £0.01 Ordinary shares were issued to third party investors for a total consideration of £521,587 including £521,006 share premium. On 14 August 2020 at an Extraordinary General Meeting of the Company the issued share capital was split 55:1 whereby the new par value of the shares was reduced from £0.01 to £0.00018181819.

The ASX uses an electronic system called CHESSE 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 CHESSE system of holding securities. Accordingly, to enable the securities to be cleared and settled electronically through CHESSE, 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.

The public offerings of CDIs of the Group subsequently to the IPO were the following:

- The Initial Public Offering (IPO) of the Group on 18 September 2020 was for a total offer price of A\$8,000,000 in return for 16,000,000 CDIs at issue price A\$0.50.
- Conversion of A\$7,000,000 of the convertible loan notes to CDIs at a deemed issue price of A\$0.40 per share. The total number of CDIs issued in respect of the loan notes was 17,500,000.
- Issue of 1,486,000 CDIs to advisers and consultants for services performed with respect to the pre-IPO fundraising and IPO.

The total number of CDIs issued on listing was 34,986,000. Therefore additional share capital issued of £6,361 was recognised on listing of the CDIs in the year.

#### 17. Commitments under operating leases

At 31 December 2020, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2020	31 December 2019
	£	£
Not later than 1 year	11,047	24,000
Later than 1 year and not later than 5 years	-	11,047
	11,047	35,047

#### 18. Related party transactions

	31 December 2020	31 December 2019
	£	£
<b>Balances due to the Company</b>		
From SRJ Limited	5,700,980	4,900,801
From SRJ Technology Limited	947,833	158,020
From SRJ Tech Australia Pty Ltd	505,948	63,284
From Acorn Intellectual Properties Limited	250	-
	7,155,011	5,122,105
<b>Balances due between subsidiaries</b>		
From SRJ Limited to SRJ Technology Limited	-	8,206
From SRJ Limited to Acorn Intellectual Properties Limited	(4,735)	-
	(4,735)	8,206

SRJ Limited is a subsidiary of the Company. During the year the Company made loans of £800,179 (31 December 2019: £244,923) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

## SRJ Technologies Group Plc

### Notes to the financial statements For the year ended 31 December 2020

#### 18. Related party transactions (continued)

SRJ Technology Limited is a subsidiary of the Company and during the year the Company made additional loans in the total of £789,813 further to the £158,020 owed at 31 December 2019 (31 December 2019: £80,250) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Tech Australia Pty Ltd is a subsidiary of the Company and during the year the Company made additional loans in the total of £442,664 further to the £63,284 owed at 31 December 2019 (31 December 2019: £nil) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

Acorn Intellectual Properties Limited (AIPL) is a subsidiary of the Company and during the year the Company made a loan of £250 (31 December 2019: £nil) to support its ongoing operations. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months. AIPL and SRJ Limited are both subsidiaries of the Company and during the year a net intercompany balance of £4,735 was recognised in respect of license fees payable to AIPL and expenses paid on behalf of AIPL by SRJ Limited. The loan is unsecured, interest free and repayable on demand although the Directors have no current intention of recalling the loan within the next 12 months.

SRJ Limited and SRJ Technology Limited are both subsidiaries of the Company and during the year SRJ Limited repaid loans in the total of £8,206 (31 December 2019: received loans of £77,956) to support SRJ Limited's ongoing operations. SRJ Technology Limited had also applied for UK Government grants in order to support the continued development of the product by the Company but during the year SRJ Technology Limited paid no grants to SRJ Limited (31 December 2019: £624).

	31 December 2020 £	31 December 2019 £
From AVI Partners Limited	-	1,725

The outstanding loan from 2019 of £1,725 between AVI Partners Limited (AVI), a shareholder of the Company and SRJ Limited was repaid in full in the year. In August 2020 AVI received 51,207 shares with value £13.67 per share (total value £700,000) for consultancy services rendered in the period up to listing. During the year AVI also received commissions of £5,397 for introducing new investors to the Company. A wholly owned subsidiary of AVI also leases office space to the Company, the annual charge for this is £24,000.

During the year key management personnel (defined as Directors and Non-Executive Directors) of the Group received total compensation of £2,660,817 comprised of employment benefits, post-employment benefits and performance rights (2019: £367,474). Where Directors did not serve throughout the whole period, their annual remuneration within this disclosure is prorated to their time spent in office. See page 7 for further analysis of directors' remuneration.

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

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

Further to the Ordinary Shares held directly by Alexander Wood there are 27,574,855 Ordinary Shares held by AVI Partners Limited, a company in which Alexander Wood holds 19.0% of the issued shares. AVI Partners has a shareholding of 23.2% of the undiluted and 21.7% of the fully diluted shares in issue of the Group.

**SRJ Technologies Group Plc**

**Notes to the financial statements  
For the year ended 31 December 2020**

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

	At 1 January 2020	Cash flows	Other non- cash changes	At 31 December 2020
	£	£	£	£
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	1,191,983	2,820,265	-	4,012,248
<b>Borrowings</b>				
AVI Partners loan	1,725	(1,725)	-	-
Convertible loan notes	2,224,992	1,728,039	(3,953,031)	-
	<u>2,226,717</u>	<u>1,726,314</u>	<u>(3,953,031)</u>	<u>-</u>
Net debt	<u>(1,034,734)</u>	<u>1,093,951</u>	<u>3,953,031</u>	<u>4,012,248</u>

Non-cash changes relate to:

Convertible loan notes - during the year there were cash issues of £1,728,039. The full balance of the convertible loan notes was converted to CDIs on the listing date of the Company of 18 September 2020 for no cash consideration paid to the noteholders.

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

**20. 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.

**21. Ultimate controlling party**

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

ELEVATE ASSET INTEGRITY AND CONTAINMENT MANAGEMENT WITH **SRJ TECHNOLOGIES**



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