



SRJ TECHNOLOGIES GROUP PLC

ARBN 642 229 856

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS 31 December 2021



SRJ Technologies Group Plc

Company information

Directors	Alexander Wood Robin Pinchbeck Grant Mooney Andrew Mitchell
Company secretary	Benjamin Donovan
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Independent auditor	Grant Thornton Limited Kensington Chambers 46/50 Kensington Place St Helier Jersey, JE1 1ET
Accountants	Bracken Rothwell Limited 2nd Floor, The Le Gallais Building 54 Bath Street St Helier Jersey, JE1 1FW
Bankers	Barclays Bank Plc 13 Library Place St Helier Jersey, JE4 8NE
Lawyers	Mourant 22 Grenville Street St Helier Jersey, JE4 8PX

SRJ Technologies Group Plc

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SRJ Technologies Group Plc

Chairman's Statement

Dear Shareholder,

It is my pleasure to present the 2021 Annual Report for SRJ Technologies Group plc (SRJ or the Company), the second since our listing on the Australian Securities Exchange (ASX) in September 2020, as we reflect on the achievements of our Company over the past 12 months.

During 2020 SRJ was focused on refining its strategy, its operations and its pathway to future growth, 2021 was all about delivering on this. Whilst the results suggest the Company came up short, purchase orders secured for FY22 resulting from repeat business with the likes of ADNOC, SBM Offshore and MODEC provide evidence that the Company's strategy is working. External economic factors associated with the pandemic hindered progress, but the team worked hard to secure projects and drive demand for the Company's solutions. With early signs of a recovery or at least stability in the industry and markets, together with a strengthening oil price, we confidently expect solid revenue growth in FY22. With secured purchase orders at the start of the year already more than double FY21 revenues, the Company is well placed to deliver revenue growth.

We provided the Company's growth plan in the prospectus of September 2020 and our Q3 and Q4 quarterly activity reports released in 2021 provided an update on progress and milestones achieved against this plan. Despite external factors continuing to weigh on financial performance, there has been considerable progress: we have embedded ourselves with key strategic partners, built customer relationships leading to repeat orders, gained vendor approval for key global operators and continued innovative product and services design. Market uncertainty has provided an opportunity for building new relationships and planning our entry into new markets and we are now well positioned to take advantage of the growth opportunities as market sentiment improves.

The execution of a Share Purchase Agreement to acquire 100% of STATS (UK) Limited, in December 2021, represents a key part of our strategy of becoming a global leader in asset integrity solutions for the energy industry. The operational and marketing synergies resulting from the combination will deliver differentiation and scale to SRJ that we confidently expect will drive sustainable long-term growth. Market volatility led to a temporary delay in the capital raise; a revised timetable for the capital will be released following signs of stability in underlying market conditions.

I would like to thank our Management and staff for their efforts over the past year, which again have been considerable given the challenging operating environment and due diligence activities in respect of the potential acquisition. I also thank my fellow Board members for their contributions, and importantly I thank our Shareholders for your support.



Robin Pinchbeck
Chairman
SRJ Technologies Group plc

SRJ Technologies Group Plc

Directors' Report For the year ended 31 December 2021

The directors present their report and the financial statements of SRJ Technologies Group Plc (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021.

Principal activity

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

Review of activities

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

- February 2021 - Launched SRJAnalytics, a new digital platform to create greater efficiencies and improve data consistency when it comes to management, repair and maintenance of piping assets in the mining, oil and gas and other heavy industrial sectors.
- March 2021 – received first purchase order from MODEC a global supplier and operator of offshore floating platforms.
- March 2021 – received its first purchase order from Woodside Energy for an eight-week lease campaign.
- April 2021 – secured a purchase order from MODEC to develop a detailed work scope for a major hot bolting campaign using the SRJ BoltEx®
- April 2021 – received first order in Saudi Arabia through Zamil Operations and Maintenance Company (ZOMCO) agency agreement to provide SRJ asset integrity solutions to Saudi Basic Industries Corporation (SABIC) in Jubail Industrial City.
- July 2021 – successfully secured a purchase order for a bolting campaign on a MODEC floating production and offloading vessel (FPSO).
- July 2021 – won consulting contract with SBM Offshore to support engineering design of general FPSO vessels as part of the SBM Fast4Ward® Program.
- August 2021 – won first contract with SEMBCORP Industries to supply BoltEx® inventory for use in flange hot bolting campaigns for facilities on the offshore Qatari Al-Shaheen Oil Field.
- August 2021 – received first purchase order from Santos Ltd for an onshore bolting campaign in Australia.
- September 2021 – announced a partnership with Curtin University and SixDe to develop and build Hydrogen compatible weld-free coupling technology for pipelines with the project commencing in November 2021.
- October 2021 – received first order in the UAE with Abu Dhabi National Oil Company (ADNOC) to design, manufacture and install pipeline asset integrity solutions. Initial Phase 1 of the order is the site survey and design engineering of the solutions with Phase 2 manufacture and installation due in January 2022.
- October 2021 – successful trial of the SRJ Coupling product with Keppel FELS.
- November 2021 – securities suspended from trading on the Australian Stock Exchange (ASX).
- December 2021 – announcement of the signing of a share purchase agreement to acquire STATS (UK) Limited a market leader in the provision of innovative, technology-led pressurised pipeline integrity solutions. The Company is undertaking to raise A\$142 million to fund the purchase price for STATS and to provide working capital for the Combined Group wholly underwritten by Morgans Corporate.

Significant Changes in State of Affairs

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

Earnings Per Share

	2021	2020
	£	£
Loss for the year	(4,392,002)	(4,143,439)
Weighted average number of shares	119,015,380	35,289,358
Basic and diluted loss per share	<u>(0.04)</u>	<u>(0.12)</u>

Financial position

The Group's cash position as at 31 December 2021 was £1,097,367 (2020: £4,012,248). In order to ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 29 March 2022 the Company signed an agreement to issue convertible securities that will provide A\$2m of capital to support ongoing operational expenditure until the full capital raise to acquire STATS (UK) Limited can be completed (see going concern).

SRJ Technologies Group Plc

Directors' Report For the year ended 31 December 2021

Going Concern

The Group made a loss in the year in the amount of £4,392,002 (31 December 2020: £4,143,439) and as at 31 December 2021 was in a net asset position of £1,547,997 (31 December 2020: £5,016,852).

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2022 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. The proposed capital raise to fund the potential acquisition of STATS (UK) Limited and provide additional working capital has been temporarily delayed. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 29 March 2022 the Company signed an agreement to issue A\$2,000,000 of convertible securities (the "securities") which accrue interest at 8% per annum payable annually in cash or shares. The A\$2,000,000 is repayable in 18 monthly instalments of A\$111,111.11 payable in cash, shares or a combination of both. The Company has the right to buy-back the outstanding face value of the securities at any time with no penalty and the investor has the option to convert outstanding face value amounts into ordinary shares of the Company at a price of A\$0.645 per share at any time.

The Company also undertook an interim capital raise and has commitments of A\$825,000 as at 31 March 2022 with a further A\$820,000 expected to be finalised in the coming weeks. The financial resources to be provided by the most recent fund raising are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis.

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

Dividends paid

There were no dividends paid in the year under review (2020 - £NIL).

Results

The Consolidated Statement of Comprehensive Income for the year is set out on page 17.

Directors

The directors who served during the year and subsequently were:

Alexander Wood
Robin Pinchbeck
Grant Mooney
Andrew Mitchell

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.

SRJ Technologies Group Plc

Directors' Report For the year ended 31 December 2021

On-Market buy back

The Company has not undertaken any on market buy backs.

Company secretary

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

Information on directors and company secretary

Alexander Wood, Executive Director and Chief Executive Officer

Qualifications: -

Mr. Wood co-founded SRJ after 15 years working across the industrial and technology sectors in the UK, Africa and Middle East. Alex has led SRJ's commercialisation as its CEO since inception, bringing a diverse range of skills spanning commercialisation, business development, strategic sales, and investment attraction.

Mr. Wood's knowledge of the market comes from his experience in industrials, including his involvement in the acquisitions of Present Platinum Properties, Star Developments and Diamond Properties. Mr. Wood was previously Commercial Director at Middle East Corrosion Technologies.

Mr Wood has a relevant interest in ordinary fully paid shares of 27,334,755*, and 2,470,000 performance rights that 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 201,135 ordinary fully paid shares, 115,799 CDIs 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.

SRJ Technologies Group Plc

Directors' Report For the year ended 31 December 2021

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 2021, the following director meetings were held:

Director	Eligible to attend*	Attended*
Alexander Wood	9	7
Robin Pinchbeck	13	13
Grant Mooney	13	13
Andrew Mitchell	13	13

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

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Directors' Report For the year ended 31 December 2021

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

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

The remuneration structures take into account:

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

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 2021**

Remuneration Report (continued)

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

Key Management Personnel	Position	Commenced	Term	Short term benefits		Post employment benefits		Share based payments		Total	
				Employee costs ¹		Superannuation		Equity settled performance rights		2021	2020
				2021	2020	2021	2020	2021 ⁵	2020 ⁵		
£	£	£	£	£	£	£	£	£	£		
Robin Pinchbeck	Non-Executive Chairman	19 November 2019	²	50,000	50,000	-	-	-	107,199	50,000	157,199
Grant Mooney	Non-Executive Director	02 June 2020	²	21,906	12,902	-	-	-	-	21,906	12,902
Andrew Mitchell	Non-Executive Director	18 June 2020	²	21,851	13,028	-	-	-	-	21,851	13,028
Alexander Wood	Chief Executive Officer	01 August 2011	^{3,4}	232,069	231,863	-	-	-	696,795	232,069	928,658
Roger Smith	Managing Director, Europe &	01 October 2019	^{3,4}	169,482	167,869	-	-	-	589,596	169,482	757,465
Stefan McGreevy	Chief Financial Officer	01 November 2019	^{3,4}	138,453	133,008	-	-	-	321,598	138,453	454,606
Paul Eastwood	Technical Director	01 January 2020	^{3,4}	159,922	159,934	9,450	9,450	-	214,399	169,372	383,783
				<u>793,683</u>	<u>768,604</u>	<u>9,450</u>	<u>9,450</u>	<u>-</u>	<u>1,929,587</u>	<u>803,133</u>	<u>2,707,641</u>

Notes:

- 1) Employee costs comprise director salaries and fees and employer social security/national insurance contributions. No cash bonuses were paid in 2021 or 2020.
- 2) The term expires at the next annual meeting where the position is up for re-election.
- 3) No fixed term.
- 4) Comparative short term benefits restated to include employer social security/national insurance contributions.
- 5) Refers to the total value of new performance rights awarded in the year. The pro-rated expense for the year ended 31 December 2021 is included on page 9.

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**Directors' Report
For the year ended 31 December 2021**

Remuneration Report (continued)

Share-based Compensation

Performance Rights issued as Remuneration

The terms and conditions of each performance right affecting key management personnel during 2021 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 granted, vested or lapsed during 2021.

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

The vesting conditions 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 all the vesting conditions had been met except the financial/operational nor the continuity of employment/engagement conditions which are conditional on being met by the end of 2022.

Additional Disclosures relating to Key Management Personnel

Shareholding

The number of shares in the Company held during 2021 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 2021	Received as part of remuneration	Additions	Disposals/other	Balance at 31 December 2021
Robin Pinchbeck	201,135	-	-	-	201,135
Alexander Wood ¹	206,250	-	-	-	206,250
Grant Mooney	-	-	-	-	-
Andrew Mitchell	36,000	-	-	-	36,000
Roger Smith	440,000	-	-	-	440,000
Stefan McGreevy	-	-	-	-	-
Paul Eastwood	-	-	-	-	-

¹ excludes 27,334,755 ordinary shares and CDIs held by AVI Partners Limited. Alexander Wood owns 19% of the issued shares in AVI.

SRJ Technologies Group Plc

Directors' Report For the year ended 31 December 2021

Remuneration Report (continued)

Performance Rights

The number of Performance Rights held during the financial year ended 31 December 2021 by the key management personnel, including their personally related parties, is set out below:

Key Management Personnel	Balance at 1 January 2021	Granted	Exercised	Expired/ other	Balance at 31 December 2021
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 awarded during the financial year ended 31 December 2021.

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

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

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

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

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

Other information

Indemnification of Officers and Auditors

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

Non-Audit Services

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

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

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



Alexander Wood
Director

Date: 30 March 2022

SRJ Technologies Group Plc

ASX Additional Information For the year ended 31 December 2021

Substantial Holders

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

Ordinary shares and CDI's combined

Name	Number of securities	% of Issued Combined
AVI Partners Limited	27,334,755	22.97%
Solibay Capital Partners Inc	8,876,541	7.46%

Distribution of securities

Number of Ordinary Shares and CDI's combined	Number of holders	Number combined
1-1,000	37	21,169
1,001-5,000	190	580,586
5,001-10,000	129	1,076,711
10,001-100,000	294	10,366,026
100,001 and over	112	106,970,877
Total	762	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	27,334,755	22.97%
2 Solibay Capital Partners Inc	8,876,541	7.46%
3 BNP Paribas Noms Pty Ltd	6,147,305	5.17%
4 HSBC Custody Nominees (Australia) Limited	5,781,787	4.86%
5 CS Third Nominees Pty Limited	4,141,062	3.48%
6 National Nominees Limited	4,139,197	3.48%
7 J P Morgan Nominees Australia Pty Limited	2,731,697	2.30%
8 Jindabyne Capital Pty Ltd	2,463,558	2.07%
9 Raleigh Atlantic Limited	2,414,005	2.03%
10 Sealyham Investments Limited	2,376,000	2.00%
11 Estate Of Anthony Warburton	1,798,500	1.51%
12 Enso Ventures 1 Ltd	1,760,000	1.48%
13 Harry Mitchell	1,520,530	1.28%
14 Alitime Nominees Pty Ltd	1,404,195	1.18%
15 Citicorp Nominees Pty Limited	1,180,441	0.99%
16 Mirdas Limited	1,133,000	0.95%
17 Ann Manning	1,107,480	0.93%
18 Mrs Quynh Chi Phan	1,057,505	0.89%
19 Mitsui & Co (Australia) Ltd	1,000,010	0.84%
20 John Jones	990,000	0.83%
Top Twenty Securities Total	79,357,568	66.68%
Remaining Securities	39,657,801	33.32%
	119,015,369	100.00%

Restricted Securities

Securities that are subject to voluntary restrictions are as follows:

Voluntary Restriction	Ordinary Shares	CDI's	Performance Rights
24 months from IPO (expires 18/9/22)	1,000,010	859,285	1,934,000

SRJ Technologies Group Plc

ASX Additional Information For the year ended 31 December 2021

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/

Voting Rights of Shares

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

Voting Rights of CDI's

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

SRJ Technologies Group Plc

**Statement of Directors' Responsibilities
For the year ended 31 December 2021**

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.

SRJ Technologies Group Plc

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

Opinion

We have audited the consolidated financial statements of SRJ Technologies Group PLC for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice
- comply with the Companies (Jersey) Law 1991

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group made a loss in the year in the amount of £4,392,002 (31 December 2020: £4,143,439) and as at 31 December 2021 was in a net asset position of £1,547,997 (31 December 2020: £5,016,852). The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2022 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. The proposed capital raise to fund the potential acquisition of STATS (UK) Limited and provide additional working capital has been temporarily delayed. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, the Company has issued A\$2,000,000 of convertible securities (the "securities") which accrue interest at 8% per annum payable annually in cash or shares. The A\$2,000,000 is repayable in 18 monthly instalments of A\$111,111.11 payable in cash, shares or a combination of both. The Company has the right to buy-back the outstanding face value of the securities at any time with no penalty and the investor has the option to convert outstanding face value amounts into ordinary shares of the Company at a price of A\$0.645 per share at any time.

The Company also undertook an interim capital raise and has commitments of A\$820,000 as at 31 March 2022 with a further A\$820,000 expected to be finalised in the coming weeks. The financial resources provided by the most recent fund raising activities are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis.

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

As noted in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt in the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Audit scope

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

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

SRJ Technologies Group Plc

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

Materiality

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

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

Overall group materiality

£38,000 (2020: £54,500)

How we determined it

1.5% (2020: 1%) of the Group's total assets

Rationale for the materiality benchmark

We believe that total assets provides us with an appropriate basis for audit materiality as it is a key performance measure and is a key metric used by management in assessing and reporting on overall performance. It will be reassessed throughout the audit process. We have determined total assets as the benchmark for computing materiality on the basis that, although the Group is profit oriented, the group is still in start-up position and has been in a net loss since 2014 from the time it began its operation. At this stage, the Group is developing its intangibles assets for future sales so total assets as benchmark for materiality is more relevant. We have used 1.5% as a benchmark percentage which is lower than the maximum percentage for the benchmark allowed by our audit methodology due to the consideration that the Group is listed on a stock exchange and, therefore, is considered to be a Public Interest Entity. In the opinion of the Directors there is no one ultimate controlling party of the Group. The Group is listed and it published significant transactions in the ASX website.

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 2021, the Group carried a balance on Intangible Assets of £832,766. This comprised of both patents and development expenditure. The Group accounts for patent and development expenditure initially at cost and thereafter after accumulated amortisation and any accumulated impairment losses.

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 projected life of the intangibles which is up to 2029 carrying out sensitivity analysis on the sales and growth rate. We also prepared independent discounted sales projections and earnings for the Group until the end of life of the intangibles. The sales projection we used for the independent computation is based on the historical sales and growth. We applied a discount rate based on the average cost of capital for other companies with the same industry group. We have doubled the rate available as there might be a chance that the rate to be given to the group is higher than the sector average. We also 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.

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.

SRJ Technologies Group Plc

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

Other information in the Annual Report

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

Matters on which we are required to report by exception

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

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

Responsibilities of 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 consolidated financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

SRJ Technologies Group Plc

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

Use of our report

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



Alexander Ross Langley
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Helier
Jersey
30 March 2022

SRJ Technologies Group Plc

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

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

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

The notes on pages 21 to 33 form part of these financial statements.

SRJ Technologies Group Plc

**Consolidated Statement of Financial Position
As at 31 December 2021**

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

The financial statements were approved and authorised for issue by the board on 30 March 2022 and were signed on its behalf by:



Alexander Wood
Director

Date: 30 March 2022

The notes on pages 21 to 33 form part of these financial statements.

SRJ Technologies Group Plc

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

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

The notes on pages 21 to 32 form part of these financial statements.

SRJ Technologies Group Plc

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

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

SRJ Technologies Group Plc

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

1. General information

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied.

2.2 Basis of consolidation

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

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

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

2.3 Going concern

The Group made a loss in the year in the amount of £4,392,002 (31 December 2020: £4,143,439) and as at 31 December 2021 was in a net asset position of £1,547,997 (31 December 2020: £5,016,852).

The Directors have a reasonable expectation that both further sales of the product and/or consulting fees will be achieved on top of those purchase orders already received for 2022 but there is no guarantee as to the level of additional sales that will occur or indeed the timing of the cash inflows and it may not be sufficient to offset the current outflow from operational activities. The proposed capital raise to fund the potential acquisition of STATS (UK) Limited and provide additional working capital has been temporarily delayed. To ensure there are sufficient financial resources to fund the anticipated revenue growth and support the operational activities, on 29 March 2022 the Company signed an agreement to issue A\$2,000,000 of convertible securities (the "securities") which accrue interest at 8% per annum payable annually in cash or shares. The A\$2,000,000 is repayable in 18 monthly instalments of A\$111,111.11 payable in cash, shares or a combination of both. The Company has the right to buy-back the outstanding face value of the securities at any time with no penalty and the investor has the option to convert outstanding face value amounts into ordinary shares of the Company at a price of A\$0.645 per share at any time.

The Company also undertook an interim capital raise and has commitments of A\$825,000 as at 31 March 2022 with a further A\$820,000 expected to be finalised in the coming weeks. The financial resources to be provided by the most recent fund raising are sufficient for the Directors to conclude that these circumstances do not cast significant doubt upon the Group's ability to continue as a going concern and prepare the financial statements on a going concern basis.

The volatility created by COVID-19 has affected and will undoubtedly change business practices in the industry the Group operates in, which the Group anticipates will see clients and target clients operating in different ways to the norm. The effect of lockdowns, and workforce and other labour shortages resulted in expected operating expenditure on maintenance projects in 2020 and 2021 by potential customers of the Group being delayed or cancelled.

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

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

The COVID-19 pandemic continues to evolve and the Group anticipates that works delayed in 2021 will begin to flow through as product sales and consulting work in 2022 and beyond. Receipt of recent purchase orders support this view. The Directors consider the Group to be well positioned to deliver solutions on these delayed scopes and campaigns in the future.

2.4 Foreign currency

Functional and presentation currency

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

Foreign translation

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

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

Transactions and balances

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

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

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

2.5 Revenue

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.6 Research and development

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

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

2.7 Government grants

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

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

2.8 Interest income

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

2.9 Finance costs

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

2.10 Pensions

Defined contribution

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

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

2.11 Share based payments

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

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

2.12 Intangible assets

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.13 Impairment of assets

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

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

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

2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

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

2.15 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

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

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

2.17 Debtors

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

2.18 Cash and cash equivalents

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

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

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

2. Summary of significant accounting policies (continued)

2.19 Creditors

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

2.20 Equity and reserves

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

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

Other components of equity include the following:

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

2.21 Financial instruments

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

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

2.22 Convertible debt

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

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

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

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

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

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

Impairment of intangible assets

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

Useful life of intangible assets

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

SRJ Technologies Group Plc

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

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

Contingent liabilities

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

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

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	31 December 2021		
	Product sales	Services rendered	Total
	£	£	£
Jersey	84,615	-	84,615
United Kingdom	-	166,267	166,267
Australia	69,478	2,731	72,209
	<u>154,093</u>	<u>168,998</u>	<u>323,091</u>
	<i>31 December 2020</i>		
	<i>Product sales</i>	<i>Services rendered</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Jersey	-	51,682	51,682
United Kingdom	-	9,165	9,165
Australia	129,477	6,601	136,078
	<u>129,477</u>	<u>67,448</u>	<u>196,925</u>

5. Other operating income

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

6. Auditor remuneration

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

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

SRJ Technologies Group Plc

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

7. Share based payments

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

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

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

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

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

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

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

8. Remuneration of key management personnel and employees

	Year ended 31 December 2021 £	<i>Year ended 31 December 2020 £</i>
Directors		
Salaries, fees and superannuation	803,133	778,054
Share based payment awards	751,077	212,804
	1,554,210	990,858
	Year ended 31 December 2021 £	<i>Year ended 31 December 2020 £</i>
Employees and consultants		
Wages and salaries	827,076	633,926
Pension and Superannuation costs	57,332	50,125
Health insurance	27,288	27,443
Share based payment awards	165,746	46,962
	1,077,442	758,456

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

SRJ Technologies Group Plc

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

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

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

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

9. Fixed asset investments

	31 December 2021	<i>31 December 2020</i>
	£	£
Investment in subsidiaries, at cost	<u>22,783</u>	<u>22,783</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

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

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

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

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

10. Intangible fixed assets

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

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

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

SRJ Technologies Group Plc

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

11. Tangible fixed assets

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

SRJ Technologies Group Plc

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

12. Inventory	31 December 2021 £	<i>31 December 2020 £</i>
Stock on hand	24,516	<i>18,125</i>
13. Debtors	31 December 2021 £	<i>31 December 2020 £</i>
Trade debtors	206,011	90,896
Other debtors	24,490	18,706
Prepayments and accrued income	46,904	36,335
	277,405	<i>145,937</i>
14. Cash at bank and in hand	31 December 2021 £	<i>31 December 2020 £</i>
Bank and cash balances	1,097,367	<i>4,012,248</i>
15. Creditors: Amounts falling due within one year	31 December 2021 £	<i>31 December 2020 £</i>
Finance lease payable	8,187	-
Trade creditors	112,070	21,767
Accruals and other payables	791,834	76,312
	912,091	<i>98,079</i>
<p>The finance lease is with Power Alliance Finance and is in respect of the acquisition of a commercial vehicle by SRJ Tech Australia Pty Ltd. The consideration paid for the vehicle was AU\$111,924 (£60,355). The lease is for 60 months with interest accruing at 4.99%. During the year, £6,746 and £1,580 of capital and interest respectively was paid.</p>		
16. Creditors: Amounts falling due after one year	31 December 2021 £	<i>31 December 2020 £</i>
Finance lease payable	45,422	<i>-</i>

SRJ Technologies Group Plc

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

17. Issued capital

	31 December 2021	<i>31 December 2020</i>
	£	£
Allotted, called up and fully paid		
119,015,369 (2020 - 119,015,369) Ordinary shares of £0.00018181819 (2020 - £0.00018181819 each)	21,639	21,639
	<u>21,639</u>	<u>21,639</u>
	31 December 2021	
Allotted, called up and fully paid		
	Share capital	Share premium
	£	£
Allotted, called up and fully paid		
At 1 January and 31 December 2021	119,015,369	13,606,004
	<u>119,015,369</u>	<u>13,606,004</u>
	<i>31 December 2020</i>	
	<i>Shares in issue</i>	<i>Share capital</i>
		<i>Share premium</i>
		£
Allotted, called up and fully paid		
Brought forward	1,466,735	4,574,028
Shares issued to staff and consultants	61,072	817,168
Split shares 55:1	82,501,562	-
Conversion of loan notes	17,500,000	4,109,047
Shares issued on IPO	16,000,000	3,756,844
Issued to advisers and consultants for pre-IPO services	1,486,000	348,917
At 31 December 2020	<u>119,015,369</u>	<u>13,606,004</u>

18. Commitments under operating leases

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

	31 December 2021	<i>31 December 2020</i>
	£	£
Not later than 1 year	-	11,047
Later than 1 year and not later than 5 years	-	-
	<u>-</u>	<u>11,047</u>

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

SRJ Technologies Group Plc

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

19. Related party transactions

	31 December 2021	<i>31 December 2020</i>
	£	£
Balances due to the Company		
From SRJ Limited	6,424,479	5,700,980
From SRJ Technology Limited	1,745,133	947,833
From SRJ Tech Australia Pty Ltd	1,152,446	505,948
From Acorn Intellectual Properties Limited	2,998	250
	9,325,056	<i>7,155,011</i>
Balances due between subsidiaries		
Due to SRJ Limited by SRJ Technology Limited	5,645	-
Due to SRJ Limited from SRJ Tech Australia Pty Ltd	10,000	-
Due from SRJ Limited to Acorn Intellectual Properties Limited	5,225	4,735

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

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

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

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

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

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

AVI Partners Limited (AVI) is a related party by virtue of having a common shareholder with a significant shareholding in the Company. A wholly owned subsidiary of AVI leases office space to the Company, the charge in the year was £24,000 (31 December 2020: £24,000), equivalent to £2,000 per month.

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

SRJ Technologies Group Plc

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

19. Related party transactions (continued)

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

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

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

20. Analysis of changes in net debt

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

Non-cash changes relate to:

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

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

21. Post balance sheet events

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

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

On 29 March 2022 the Company signed an agreement to issue A\$2,000,000 of convertible securities (the "securities") which accrue interest at 8% per annum payable annually in cash or shares. The A\$2,000,000 is repayable in 18 monthly instalments of A\$111,111.11 payable in cash, shares or a combination of both. The Company has the right to buy-back the outstanding face value of the securities at any time with no penalty and the investor has the option to convert outstanding face value amounts into ordinary shares of the Company at a price of A\$0.645 per share at any time.

The Company is also undertaking an interim capital raise and has commitments of A\$825,000 as at 31 March 2022 with a further A\$820,000 expected to be finalised in April 2022.

22. 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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