



Annual Report and Financial Statements

For the year ended 30 June 2024



TABLE OF CONTENTS

	<u>Page</u>
CORPORATE DIRECTORY	2
STRATEGIC REPORT	3
CORPORATE GOVERNANCE.....	14
DIRECTORS' REPORT	15
DIRECTORS' RESPONSIBILITIES STATEMENT.....	19
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDEL GROUP PLC.....	20
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	29
CONSOLIDATED BALANCE SHEET	30
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	31
CONSOLIDATED STATEMENT OF CASH FLOWS	32
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	33
COMPANY BALANCE SHEET	54
COMPANY STATEMENT OF CHANGES IN EQUITY	55
NOTES TO THE COMPANY FINANCIAL STATEMENTS.....	56

CORPORATE DIRECTORY

Directors	Ian Buddery John Davis Jonathan Macleod Nicholas McInnes Aaron Hoyer Thouraya Walker	<i>Non-Executive Chairman</i> <i>Executive Director and CEO</i> <i>Independent Non-Executive Director</i> <i>Independent Non-Executive Director</i> <i>Executive Director and Chief Technology Officer</i> <i>Executive Director, Company Secretary, and Chief Financial Officer (appointed 3 May 2023, until sabbatical from March – Sept 2024). Non-Executive Director (appointed 16 September 2024)</i>
	Robert Lojczyk	<i>Executive Director, Company Secretary and Chief Financial Officer (resigned 31 July 2023)</i>
	Natasha Dinneen	<i>Interim CFO (appointed 11 March 2024). Appointed Executive Director, Company Secretary and Chief Financial Officer on 16 September 2024</i>
Company secretary	Natasha Dinneen	
Company number	11098701 (England and Wales)	
Registered office	10 John Street London WC1N 2EB United Kingdom	
Head office	Level 4 745 Hunter Street Newcastle West NSW 2302 Australia	
Share register	Computershare Investor Services plc The Pavilions, Bridgwater Road Bristol BS99 6ZZ United Kingdom	
Auditor	Oury Clark Herschel House, 58 Herschel Street Slough SL1 1PG United Kingdom	
Solicitors	Bird and Bird LLP 12 New Fetter Lane London EC4A 1JP United Kingdom	
Nominated adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ United Kingdom	
Corporate broker	Cavendish Capital Markets Limited 1 Bartholomew Close London EC1A 7BL United Kingdom	
Website	www.cordel.ai	

STRATEGIC REPORT

The Directors present their strategic report on the consolidated entity (referred to hereafter as the 'Group') consisting of Cordel Group plc (referred to hereafter as 'Cordel', 'the Company' or 'the parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

The strategic report includes the following sections:

1. Company overview
2. Chairman's statement
3. Review of operations by the Chief Executive Officer
4. s.172 statement
5. Principal risks and uncertainties
6. People
7. Environmental, social and governance

Cautionary statement regarding forward-looking statements

This document contains certain forward-looking statements. These forward-looking statements include references to matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on the information available to the Directors at the time of preparation of this document and will not be updated subsequent to the issue of this document. The Directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

Principal activities

Cordel is a United Kingdom ('UK') incorporated software company with operations in Australia (main country of operation), USA and the UK. Cordel produces specialist software and hardware for capturing, analysing and reporting on large datasets within the transport sector, employing sophisticated artificial intelligence algorithms.

STRATEGIC REPORT (continued)

1. COMPANY OVERVIEW

Cordel's specialist hardware and cloud-based platforms, used primarily in the rail infrastructure industry, capture data and turn it into actionable insights to help manage vital assets and to improve safety, efficiency and sustainability for our customers.

The Cordel Group operates subsidiaries in the UK, Australia and the USA, delivering products and services for rail asset management. Cordel designs and manufactures LiDAR (Light Detection And Ranging) sensors optimised and ruggedised for train and other vehicle data capture applications.

The Group is a leader in infrastructure monitoring through automation and machine learning. The flagship Cordel solution is focused on the rail industry predicting and identifying its maintenance needs including issues with vegetation, overhead lines and track ballast. The solution utilises LiDAR sensors and high-resolution video cameras, attached to trains and track maintenance vehicles, to automate the collection of infrastructure data at survey-grade accuracy. It then employs Artificial Intelligence to analyse the huge datasets, confirming correct geometry, providing insights and recommending actions in near real time. Rail staff can then inspect their network via Cordel's cloud-based viewing software, which is as easy to use as popular map/navigation applications, but much more powerful.

Cordel is seeking to establish a strong business in rail before expanding into road and energy infrastructure. The Group has key 'anchor' customers in Amtrak and Genesee & Wyoming in the USA, Network Rail and Angel Trains in the UK, Tren Maya in Mexico, and the Australian Rail Track Corporation (ARTC) in Australia.

The Market

The markets for Cordel's solutions are large in size and global in extent and include the UK, USA, Europe, Middle East and Australia.

Managing infrastructure assets is a major component of the overall railway management system market, which is projected to grow strongly. **Global Market Insights Inc**, in their report published September 2023 said, "Railway Management System Market size was valued at USD 37.4 billion in 2022 and is estimated to register a CAGR over 11.5% between 2023 and 2032. The increasing adoption & integration of AI technology & cloud-based services is enhancing predictive maintenance, optimising rail operations, and reducing downtime. Cloud-based solutions facilitate real-time access, enabling efficient decision-making across the railway network. This synergy empowers operators to enhance safety, improve efficiency, and provide superior passenger experiences. As the industry recognizes the transformative potential of AI & cloud technologies, their implementation is expected to drive innovations, streamline operations, and elevate the overall efficiency & competitiveness of the market."

The Cordel offering is becoming established in this growth environment and is taking market share away from older, less effective approaches to asset infrastructure monitoring. In addition, Cordel is taking advantage of new budgets being allocated, as innovation-oriented spend grows as part of the ongoing market expansion.

Cordel is strongly positioned within its markets with a highly differentiated offering. It provides a wider range of analytic outputs than competitive services and can monitor and analyse infrastructure faster, more often and at lower cost, due in no small part to the high levels of automation inherent in its design.

STRATEGIC REPORT (continued)

2. CHAIRMAN'S STATEMENT

The Company has achieved excellent growth in the 2024 fiscal year, in particular in the USA where our advanced capabilities have gained widespread recognition and market engagement is strong. Our software is delivering industry-leading accuracy and processing speed in the application of Artificial Intelligence to railway infrastructure management. Our train-mounted sensors are capturing data around the clock and we lead the world in track miles scanned and processed. The investment phase now transitions to a target of profitable growth and a continuing focus on new customer acquisition in FY25.

We are proud of the dedication to customer service and achieving delivery targets that pervades the Company. Our CEO, John Davis, has built a culture of excellence, respect and commitment that is reflected in our unblemished delivery record and the enthusiasm of all our employees.

We continue to carefully manage expenditures, operating at or above cashflow breakeven before expansion strategy costs. In FY24, investment continued in product development, developing new sensor hardware and adding new software functionality, to further improve our competitive position. We regularly review our structure and cost base to ensure that our core mission of data capture and machine learning analysis is foremost.

The additional funds raised post year end in October 2024 will enable accelerated development of 3D object recognition capabilities in our AI platform. We believe this will broaden the application of our technology across rail networks and enhance long term revenue growth.

As always, the Board is grateful for the dedication and hard work of our people in the UK, United States and Australia. We have a great team who are committed to customers and the Company.

Our purpose is to build a strong and resilient business, growing shareholder value through the consistent achievement of business plan targets and the expansion of our recurring revenue customer base. We have confidence in the long-term outlook and we thank our shareholders for their continuing support.



Ian Buddery
Chairman

28 October 2024

STRATEGIC REPORT (continued)

3. REVIEW OF OPERATIONS BY THE CHIEF EXECUTIVE OFFICER

I am delighted to report on another year of significant growth and burgeoning maturity at Cordel. Building on the foundations laid in FY23, we have delivered on our target of doubling the number of key customer contracts and achieved another year of substantial revenue growth, whilst investing in key areas.

We are particularly proud of our progress in the US market where we now have two marquee customers in Amtrak and Genesee & Wyoming and a very strong pipeline of activity across multiple Class I and Class II railroads across North America. In addition, we have broken into the Latin American market with Tren Maya in Mexico and see considerable opportunity across Latin and South America. Almost 50% of our income in FY24 has come from the Americas and we expect that percentage to grow in FY25.

We remain optimistic about opportunities in the UK with Network Rail now into Control Period 7, and were delighted to announce (post period end) the Certificate of Approval for Cordel's AI-powered outputs for Electrified lines from the Network Rail Technical Authority.

We have also been able to add to our customer list in APAC to complement our existing strong relationship with ARTC and have also started to progress opportunities in other territories including our first Middle East contract with a national rail operator.

Whilst we continue to view the rail industry as conservative and relatively slow-moving, we are nevertheless finding ways to rapidly grow our business. Based on a 46% revenue growth in FY24, a high level of contracted income in our next financial year and a very strong deal pipeline heading into FY25, we remain very optimistic about Cordel's future.

Overview of results

GBP 000's	Twelve months to 30 June 2024	Twelve months to 30 June 2023	% Change	% Change constant currency
Total Revenue	4,439	3,046	46%	46%
Cost of sales	(1,616)	(791)	104%	102%
Other expenses	(4,557)	(3,129)	46%	48%
Grant income	519	372	40%	47%
Other income	19	36	-47%	-38%
Loss before Income tax	(1,196)	(466)	157%	158%

Gross margin reduced to 64% in the twelve months to 30 June 2024 (74% in FY23) due to an increased proportion of hardware vs software and services in new contracts during the year.

Strategy

In FY24, we set out to double our customer contracts from four to eight – across our core markets of the UK, United States and Australia. With the support of funds from our capital raise in March 2023, we invested in our sales and business development capabilities, our engineering and delivery resource and the maturity and quality of products. We were therefore delighted to achieve our customer win target with new names in the US, Middle East, Mexico and APAC.

Looking into FY25, we continue to see considerable opportunity in the United States and the Americas more broadly. With the benefit of more customer wins, we feel increasingly confident of our price per mile structure for different rail specific use cases and on the demand that exists for scanning and analysing new and existing data for railroads globally. With the increased maturity and technology readiness levels (TRLs) of our solutions, we believe that we are extremely well placed to 'sell the truck' across the next twenty four months and build towards a £10m revenue business. We also see a significant opportunity to deepen partnerships in FY25. This includes developing existing relationships with D/Gauge and TUV Rheinland globally; and with Holland Rail in the US.

STRATEGIC REPORT (continued)

FY24 has been a foundational year for the Artificial Intelligence (AI) and Machine Learning (ML) that we use in our analysis of rail corridor data. Our AI engineers have made significant breakthroughs in training our software to identify rail assets and other items near the track – both large and very small. We have also focused on and vastly improved our ability to deliver for customers by analysing and outputting insights from huge amounts of customer data. We are now extremely well set up to deliver at pace on the contracts we have won and to scale up rapidly as we win more business in the US.

The nature of our AI/ML approach means our offering is in a state of constant self-improvement, a virtuous circle in which the datasets added from each new customer and application refine our solution's knowledge base and the insights we are able to generate.

Ongoing operations

As of 30 June 2024, the Group had cash of £1,022,180 and trade receivables of £511,441. Post period end, in October 2024, the Group completed a successful placing raising £1m.

Our vision remains to 'Create safer, more efficient and sustainable railways around the world'. We have moved to a new, larger and more centrally based office in Newcastle, Australia which has given us both better working space and increased staff satisfaction. We have a modest office in Moorgate, London in the UK and our team in the USA continues to work from home offices but to get together regularly at events, conferences and customer meetings. We plan to make a small number of key hires as we progress through FY25 but headcount does not need to grow at anywhere near the same rate as in FY24 meaning that we plan to increase operating expenses by less than 10%.

Our core values are unity, humility, integrity, curiosity, excellence and ambition. We have been delighted to recruit individuals who are completely aligned with our attitude to and ways of working. As the business has matured across this year, we have worked to professionalise a broad range of processes and systems within Cordel and will continue to do that as our growth continues in FY25.

Outlook

We are very confident that we can continue our recent growth trend in FY25 by acquiring more new customers across the globe and by broadening the services we offer to our existing customer base. We continue to be ruthlessly focused on maximising shareholder value and remain very confident that Cordel can deliver considerable revenue growth in the coming years.



John Davis
Chief Executive Officer

28 October 2024

STRATEGIC REPORT (continued)

4. S.172 STATEMENT

The Directors of Cordel Group Plc are responsible for promoting the success of the Company for the benefit of its shareholders, while having due regard to the following factors as set out in Section 172(1) of the Companies Act 2006:

a) Long-term Consequences of Decisions

The Board consistently takes into account the long-term impact of its decisions. In FY24, we made significant investments in sales and technical teams to enhance our long-term growth prospects. This decision aligns with our strategy to become a leader in innovation and create safer, more efficient and sustainable railways around the world.

b) Interests of Employees

Our employees are a key asset of the Company, and their engagement, development, and well-being are critical to our success. During the year, we moved offices in Newcastle, Australia to larger premises better suited to our team's needs. Across all locations, we encourage skills development through training and mentorship, and team building inside and outside of the workplace. We strive to be regarded as a great employer and measure this by the quality people we attract and retain.

c) Fostering Business Relationships with Suppliers, Customers, and Others

The Company values its relationships with key stakeholders, including suppliers and customers. We have continued to collaborate closely with suppliers to ensure ethical sourcing and improved efficiency across the supply chain. In FY24, we achieved certification from Network Rail's 3204 standard, becoming the first company to achieve this approval for capturing and processing data from trains running at full speed in passenger service. Network Rail has the most stringent infrastructure monitoring standards in the world and this certification has confirmed our status as the most advanced supplier of AI-driven rail infrastructure insights globally.

d) Impact on the Community and the Environment

Cordel Group plc is committed to minimising its environmental footprint and contributing positively to the communities in which we operate. Our technology helps railways reduce their environmental footprint by reducing the need for inspection locomotives and we are driven by a conviction that rail transport is a social good.

e) Maintaining a Reputation for High Standards of Business Conduct

We are dedicated to maintaining the highest standards of corporate governance and ethical behaviour. This year, the Company has appointed new brokers, Cavendish Capital Markets Limited, with a view to further developing our governance and compliance.

f) Acting Fairly Between Members of the Company

The Board is mindful of its responsibilities to treat all shareholders fairly and equitably. We have maintained regular communication with shareholders and ensured transparency in our decision-making process, particularly regarding our commercial progress and long term growth plans.

The Board recognises that its decisions impact a broad range of stakeholders and is committed to ensuring that these interests are appropriately balanced with the Company's strategic objectives.

STRATEGIC REPORT (continued)

5. PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's growth strategies are subject to a number of risks which could adversely affect the Group's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Group but those considered by management to be the principal risks:

Risks relating to the Group and the industry in which it operates:

Dependence on major clients

The Group's future growth relies on new sales to rail network owners in multiple countries. These owners typically have complex procurement arrangements which include product trials and competitive tenders. This risk is mitigated by increasing sales and business development teams in order to broaden the pool of opportunities and entering into partnership agreements with a range of rail-focused firms, such as Holland LLP in the USA.

Business strategy

Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Company's Directors expect. Therefore, the Group may decide to change aspects of its strategy as needed. The Group's ability to implement its business strategy successfully may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted. This risk is mitigated by the continual review of the business performance to its plan and that changes are made to ensure the Group has sufficient liquidity to pursue its current plan.

Technological changes

Generally, product markets are exposed to rapid technological change, changes in use, changes to customer requirements and preferences; and services employing new technologies and the emergence of new industry standards and practices. The Group operates in a market with such changes which have the potential to render the Group's existing technology and products competitively impaired.

To successfully remain competitive, the Group will ensure continued product improvement and the development of new markets and capabilities to maintain a pace congruent with changing technology. This added strain may stretch the Group's capital resources which may adversely impact the revenues and profitability of the Group. The Group's success is dependent on the ability to effectively respond and adapt to technological changes and changes to customer preferences. There can be no assurance that the Group will be able to effectively anticipate future technological changes or changes in customer preferences. Furthermore, there is also no assurance that the Group will have sufficient financial resources to effectively respond in a timely manner if such a change is anticipated.

Competition

There is no guarantee against new entrants or current competitors providing superior technologies, products or services to the market. There is no certainty that new entrants or current competitors will not provide equivalent products for a lower price. The Group may be forced to make changes to one or more of its products or to its pricing strategy to effectively respond to changes in customer preferences in order to remain competitive. This may impact negatively on the Group's financial performance. The Group will continue to review its competitive position and adjust its business plan to maintain relevance to its customers' requirements.

STRATEGIC REPORT (continued)

Inability to contract with customers on the most favourable terms to the Group

The Group contracts with a wide variety of companies and partners, many of which are in strong negotiating positions and have greater financial resources than the Group. The Group may in the future have limited scope for negotiation of the price or contract terms with some of its major clients.

The Group's software may not perform as expected and the Group could be at risk of defects which adversely affect its customers

There is no guarantee that the Group's software will perform as intended. Costs spent on developing the software may therefore not be recouped and this may result in reduced profitability for the Group. As the software is complex, it may contain defects or vulnerabilities which may not be detected until after deployment to major customers. To mitigate this risk the Group has implemented applicable internal code review and testing processes. The software is then subject to customer acceptance testing and an ongoing high level of technical support.

Data security and data privacy

The Group is subject to data and privacy regulations, particularly General Data Protection Regulation ('GDPR') and its equivalents in the US and other markets in which we intend to operate. Failure to comply with legal or regulatory requirements relating to data security or data privacy in the course of the Group business activities, could result in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation, adverse impact on the Group's financial results or unfavourable effects on the Group's ability to do business. To mitigate this risk the Group has implemented policies and processes to ensure data is held securely and privacy is maintained. The Group also holds ISO27001: Information Security Management Systems certification.

Dependence on key executives and personnel

The Group is dependent on a small number of key executives. In addition, the future performance of the Group will, to some extent, be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group in particular, by maintaining good business relationships with customers, regulatory and governmental departments and essential partners, contractors and suppliers. The failure to appoint or retain such people could adversely affect the Group.

Ability to recruit and retain skilled personnel

The Group believes that it has the appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentive structures ineffective, may have a detrimental effect upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Financial controls and internal reporting procedures

The Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth, could have a material adverse effect on the Group's business, financial condition and results of operations. The Group mitigates this through the implementation of internal controls as well as the review of monthly financial performance by the Board.

STRATEGIC REPORT (continued)

Economic uncertainty

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on demand for the Group's products. A more prolonged downturn may lead to an overall decline in sales. Economic uncertainty might have an adverse impact on the Group's operations and business results. To mitigate this risk the Group will monitor both the Group's performance and general market conditions on a monthly basis. The Group will also maintain adequate liquidity to sustain short term fluctuations in market conditions.

STRATEGIC REPORT (continued)

6. PEOPLE

Equal opportunity

The Group is committed to an active equal opportunities policy. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Group.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

STRATEGIC REPORT (continued)

7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Cordel's vision is to create safer, more efficient and sustainable railways around the world. Our environmental credentials are at the heart of our business. As part of the Board's continued focus on this area, we recently went through an independent assessment (carried out by Addidat) of our ESG maturity across six key dimensions: Net Zero, Employee Engagement & Welfare, Diversity Equity & Inclusion (DEI), Supply Chain, Corporate Governance and ESG Business Integration. We were reassured by the findings which showed that we are relatively well positioned against comparable AIM listed companies (in terms of employee numbers and turnover). The Board is using this report to identify the areas where we need greater focus and will continue to develop Cordel's ESG credentials as the Company grows and matures.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



Ian Buddery
Chairman

28 October 2024

CORPORATE GOVERNANCE

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Group's size and the constitution of the Board, to comply with the principles set out in the QCA Corporate Governance Code published by the Quoted Companies Alliance in April 2019 (the 'QCA Code') and, where it does not comply with any of its recommendations, to explain the reasons therefor.

In the Board's opinion, the Group currently complies with the ten principles of the QCA Code which, together, are designed to deliver growth, maintain a dynamic management framework and build trust. As the Group expands, the Board will review its corporate governance framework and will consider adoption of additional principles and practices including from the UK Corporate Governance Code 2018 published by the Financial Reporting Council (the 'UK Corporate Governance Code').

Read more in our Corporate Governance Statement of Compliance with the QCA Corporate Governance Code at the following website link:

<https://cordel.ai/wp-content/uploads/2024/04/Cordel-Statement-of-QCA-compliance-2023-1.pdf>

On behalf of the Directors

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Ian Buddery
Chairman

28 October 2024

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Cordel Group plc (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled during the year ended 30 June 2024.

Directors

The following persons were Directors of Cordel Group plc up to the date of this report, unless otherwise stated:

Ian Buddery	Non-Executive Chairman
John Davis	Executive Director and CEO
Jonathan Macleod	Independent Non-Executive Director
Nicholas McInnes	Independent Non-Executive Director
Aaron Hoye	Executive Director and Chief Technology Officer
Thouraya Walker	Executive Director, Company Secretary, and Chief Financial Officer (<i>appointed 3 May 2023, until sabbatical from March – September 2024</i>). Non-Executive Director (<i>appointed 16 September 2024</i>)
Robert Lojszczyk	Executive Director, Company Secretary and Chief Financial Officer (<i>resigned 31 July 2023</i>)
Natasha Dinneen	Interim CFO (<i>appointed 11 March 2024</i>). Appointed Executive Director, Company Secretary and Chief Financial Officer on 16 September 2024

Ian Buddery, aged 67 – Non-Executive Chairman

Ian has extensive public company experience and a long background in the telecommunications and financial services industries in both international and local markets. Ian has founded multiple companies; obtained venture capital and angel funding, performed two IPOs, six acquisitions and two significant trade sales. Ian was the founder, CEO and Executive Chair of eServGlobal, founded in 1991 and listed on the Australian Securities Exchange ('ASX') in 2000 and the AIM in 2004. (LSE: ESG).

Ian was appointed a Director of Cordel Group plc Ltd on 6 December 2017.

John Davis, aged 54 – Executive Director and Chief Executive Officer

John has been working with banks and SMBs for more than 20 years. Based in London, John was the Marketing and Product Director for Barclays Business from 2005-2010 before setting out on an entrepreneurial career as the co-owner and Managing Director of Business Centric Services Group Limited, an award winning, high growth business, helping banks and telecommunication companies to enhance their digital engagement with and propositions for small and medium sized businesses. He also acted as Chair and co-owner of two other London based FinTech start-ups. John completed the sales of all three of these companies during 2016 and 2018.

John was appointed a Director of Cordel Group plc on 4 May 2018 and CEO on 1 March 2023.

Jonathan Macleod, aged 67 – Independent Non-Executive Director

Jonathan is a practicing Chartered Accountant and Financial Adviser with over 30 years of experience in the Financial Services and Software industries in both NZ and Australia. He has held senior executive positions within the National Bank of NZ and Rabobank Australia/NZ. Jonathan was the Chief Financial Officer of ASX listed company eServGlobal from 2008 to 2010.

Jonathan was appointed a Director of Cordel Group plc on 4 May 2018.

DIRECTORS' REPORT (continued)

Nicholas McInnes, aged 69 – Independent Non-Executive Director

Nick McInnes has been a United Kingdom diplomat through much of his career, focusing on international trade and investment in such key positions as the British Consul General, Sydney and Director General Trade & Investment for Australia and New Zealand; and Director Trade & Investment USA and Deputy Consul General New York.

Nicholas was appointed a Director of Cordel Group plc on 13 March 2020.

Aaron Hoye, aged 42 – Executive Director, Chief Technology Officer

Aaron co-founded Cordel in 2012 and has extensive technology experience of both hardware and software across a range of settings, covering remote sensor technologies, including LiDAR and photogrammetry, data fusion & data processing, machine learning and UI design. He has a degree in Computer Science and Mathematics from the University of Newcastle, New South Wales.

Aaron was appointed a Director of Cordel Group plc on 14 April 2022.

Thouraya Walker, aged 45 – Non-Executive Director

Thouraya's background includes roles at Mazars LLP, Standard Chartered Bank and Oliver Wyman Limited. She is a Fellow of the Association of Chartered Certified Accountants and holds a degree in Mathematics from the University of York.

Thouraya was appointed as Chief Financial Officer on 1 April 2023 and a Director on 3 May 2023. After sabbatical from March to September 2024, Thouraya returned to Cordel as Non-Executive Director.

Robert Lojczyk, aged 65 – Executive Director, Chief Financial Officer and Company Secretary (resigned 31 July 2023)

Robert is a widely experienced senior finance executive with a blue chip organisational and commercial background.

Robert retired and as a result resigned as a Director on 31 July 2023.

Natasha Dinneen, aged 34 – Executive Director, Chief Financial Officer and Company Secretary (appointed 16 September 2024)

Natasha is a former KPMG auditor and has held senior finance roles with early-stage technology companies in the UK. She is a member of the Institute of Chartered Accountants England and Wales.

Natasha was appointed to the Board as permanent Chief Financial Officer, Director and Company Secretary in September 2024, after 6 months as interim Chief Financial Officer.

Principal activities

Information on the Group's principal activities is disclosed in the strategic report.

Results and dividends

The loss for the Group after providing for income tax and non-controlling interest amounted to £1,299,111 (30 June 2023: £598,150).

No dividend has been paid during the financial year and the Directors do not recommend a final dividend in respect of the year ended 30 June 2024 (30 June 2023: £Nil).

DIRECTORS' REPORT (continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic review and this Directors' report. In addition, the notes to the financial statements include details on the Group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with a member base split across different geographic areas. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance and the newly acquired business, show that the Group should be able to operate for the foreseeable future with the current working capital. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Likely future developments

Information on likely future developments of the Group is disclosed in the strategic report.

Financial instruments

Information on the Group's financial instruments is disclosed in the strategic report and note 20 to the financial statements.

Charitable and political donations

No charitable or political donations were made during the financial year.

Disabled employees

Due to the size of the Group, no formal policy for the employment of disabled persons has been established. However, the Group gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Indemnity of Directors

The Company has indemnified the Directors of the Company for costs incurred, in their capacity as Directors, for which they may be held personally liable, except where there is a lack of good faith.

Substantial shareholdings

The substantial shareholders in the Company as at 30 June 2024 were as follows:

Nicholas Smith	12.83%
Aaron Hoyer	12.83%

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' REPORT (continued)

Auditor

Oury Clark was appointed in an earlier financial year and pursuant to section 487 of the Companies Act 2006 will be deemed to be re-appointed and therefore continue in office.



Ian Buddery
Chairman

28 October 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulation.

UK company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the United Kingdom and applicable United Kingdom Accounting Standards have been followed for the Group and the Company respectively, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm they have complied with all the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Ian Buddery
Chairman

28 October 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORDEL GROUP PLC

Opinion

We have audited the financial statements of Cordel Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and Notes to the Consolidated Statement of Cash Flows, Notes to the Consolidated Financial Statements, including a summary of significant accounting policies, and Notes to the Company Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least 12 months and 1 day from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant section of this report.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 which 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 financial statements, as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Overview of our audit approach (for the Group)

Key audit matters

1. Goodwill valuation
2. Revenue recognition
3. Inventory valuation
4. Management override

Audit scope

1. We performed an audit of the consolidated group.
2. We undertook audit work in relation to elements that were material to the group, utilising local expertise where needed.

Materiality

Overall group materiality was £87,500. This represents 2% of the group's turnover for the year.

Key audit matters

Goodwill valuation

Risk

1. The group recorded losses in the year and the subsidiaries also continued to generate losses.
2. There is a risk that the Goodwill stated in the group financial statements is overstated if the subsidiaries no longer provide this level of value.

Our response to the risk

1. We reviewed management's assessment and challenged the assumptions provided through discussions.
2. We reviewed management's strategic and operational plans for the future, including projected cash flows, growth forecasts, and expected market conditions.
3. We assessed whether the original value arising on acquisition is still appropriate.

Key observations communicated to the audit committee

We concluded that the Goodwill arising on initial acquisition is still appropriate and that no impairment was required.

INDEPENDENT AUDITOR'S REPORT (continued)

Revenue recognition

Risk

1. The group has a number of large value contracts with different terms.
2. There is a risk that revenue is not recognised in line with the contract terms and deliverables, which could result in overstatement or understatement of revenue. We consider the overstatement risk to be more significant given the potential desire to inflate revenue figures.

Our response to the risk

1. We obtained a sample of contracts for customers in the year and reviewed invoicing schedules alongside evidence of stage of completion at the year end.
2. We reviewed the sales pipeline for new revenue as part of our going concern review without noting any contracts omitted from revenue in the year.

Key observations communicated to the audit committee

We concluded that revenue has been appropriately recognised in the period.

Inventory valuation

Risk

1. The group holds inventory at the year-end in relation to hardware sales.
2. There is a risk that this inventory value is not recoverable.

Our response to the risk

1. We obtained an inventory listing detailing all inventory items at the year end.
2. It was noted that various components would be used in order to make a small number of finished products.
3. We reviewed after date sales evidence in respect of a sample of these finished products to confirm the inventory value was less than the future selling price.
4. We discussed with management possible provisions and reasonableness of these in respect of slow moving or obsolete items at the year end.

Key observations communicated to the audit committee

We concluded that the inventory value was not materially overstated.

Management override

Risk

1. In accordance with the ISAs (UK), management override is considered to be a significant risk.
2. There is a risk that management make inappropriate entries into the financial ledgers in order to gain a benefit for either themselves or the company.

Our response to the risk

1. We obtained nominal ledger detail for the transactions of the group in the year.
2. We reviewed these for reasonableness and evidence of any management override, including but not limited to, a review of journals.

INDEPENDENT AUDITOR'S REPORT (continued)

Key observations communicated to the audit committee

We did not note any management override in the period.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected all components covering entities within Australia, America, and the UK, which represent the principal business units within the Group.

Of all the components selected, we performed an audit of the complete financial information of the UK parent entity. We performed audit testing on the material elements of the Australian, American, and UK subsidiaries, utilising experts where needed.

The reporting components where we performed audit procedures accounted for 100% of the Group's loss before tax, 100% of the Group's revenue and 100% of the Group's total assets.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £87,500 (2023: £61,000) which is 2% of the turnover for the year (2023: 2% of the turnover for the year). We believe that turnover is the most appropriate basis for materiality as the group has matured and revenue has grown.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 85% (2023: 75%) of our final materiality, being £74,500 (2023: £45,750). We have set performance materiality at this level as we consider this to be commensurate with the overall control environment and the assessed audit risk.

Reporting threshold

The amount below which identified misstatements are considered as being clearly trivial.

It was decided that we would report all audit differences in excess of £1,000 (2023: £1,000), which is set as less than 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Overview of our audit approach (for the Parent company)

Key audit matters

Management override

Investment valuation

Recoverability of intercompany balances

Audit scope

We performed an audit of the parent company.

Materiality

Parent company materiality was £78,750. This represents 2% of the group's turnover for the year adjusted to reflect aggregation risk. Ordinarily we would have assessed the individual entity based on 5% net assets but restricted this to group materiality adjusted to reflect aggregation risk.

Key audit matters

Management override

Risk

1. In accordance with the ISAs (UK), management override is considered to be a significant risk.
2. There is a risk that management make inappropriate entries into the financial ledgers in order to gain a benefit for either themselves or the company.

Our response to the risk

1. We obtained nominal ledger detail for the transactions of the company in the year.
2. We reviewed these for reasonableness and evidence of any management override, including but not limited to, a review of journals.

Key observations communicated to the audit committee

We did not note any management override in the period.

Investment valuation

Risk

1. The group recorded losses in the year and the subsidiaries also continued to generate losses.
2. There is a risk that the investment in subsidiaries stated in the parent company financial statements is overstated if the subsidiaries no longer provide this level of value.

Our response to the risk

1. We reviewed management's assessment and challenged the assumptions provided through discussions.
2. We reviewed plans going forwards and worked to understand the status of the subsidiaries in light of operational changes within the group.
3. We assessed whether the original value paid when acquiring from a third party on acquisition is still an expected minimum market value.

INDEPENDENT AUDITOR'S REPORT (continued)

Key observations communicated to the audit committee

We concluded that the Investment value is still appropriate and that no impairment was required.

Recoverability of intercompany balances

Risk

1. There is a risk that intercompany balances due from subsidiaries are not recoverable.

Our response to the risk

1. We reviewed any intercompany debtor balances and considered the entities' ability to repay.

Key observations communicated to the audit committee

In one instance we concluded the balance did not appear to be recoverable. We discussed with management who made an adjustment to provide for this debt.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. We take into account size, risk profile, the organisation of the entity and effectiveness of controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the parent company to be £78,750 (2023: £61,000) which is 2% of the group turnover for the year adjusted to reflect aggregation risk (2023: 2% of the group turnover for the year). Ordinarily we would have assessed the individual entity based on 5% net assets but restricted this to group materiality adjusted to reflect aggregation risk.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 85% (2023: 75%) of our final materiality, being £67,050 (2023: £47,750). We have set performance materiality at this level as we consider this to be commensurate with the overall control environment and the assessed audit risk.

Reporting threshold

The amount below which identified misstatements are considered as being clearly trivial.

It was decided that we would report all audit differences in excess of £1,000 (2023: £1,000), which is set as less than 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT (continued)

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be misstated. If we identify such inconsistencies or apparent misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the group and parent company financial statements are prepared is consistent with the group and parent company financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any matters in the Group Strategic Report or the Report of the Directors that are inconsistent with our overall view of the financial statements.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company'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 the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential irregularities, including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Considering the nature of the industry, sector, control environment and current business activities, including possible performance targets and subsequent remuneration
- Enquiring of management concerning policies and procedures relating to:
 1. Complying with laws and regulations and whether there were any instances of non-compliance
 2. Mitigating, detecting and responding to fraud risk and whether there has been any actual or possible instances of fraud
- Discussing within the engagement team and internal specialists where necessary, regarding how and where fraud may occur in the financial statements along with the possible indicators of fraud. We identified the following areas most likely to be susceptible to fraud:
 1. Revenue recognition (at a group level only)
 2. Management override
- Discussing within the engagement team and internal specialists where necessary, the legal and regulatory framework in which the group operates and in particular those which would have an impact on the financial statements. The key laws and regulations considered were the Companies Act 2006, tax legislation, employment law and AIM rules.

Audit response to the risks identified

As noted above, we identified revenue recognition and management override as matters that would most likely be susceptible to fraud. Our procedures to respond to these risks included the following:

- Review of contracts and stage of completion to confirm revenue not recognised too early;
- Review of journals posted in the year and the nominal ledger to ensure there was no evidence of management override.

INDEPENDENT AUDITOR'S REPORT (continued)

Further, we also identified compliance with the Companies Act 2006, tax legislation, employment law and AIM Rules for Companies as key areas where there may be possible non-compliance. Our procedures to respond to these risks included the following:

- Review the financial statement disclosures and testing to supporting documentation to assess compliance with the Companies Act 2006;
- Review of tax work completed by another firm of Accountants;
- Review of a sample of right-to-work compliance checks and review of legal fees for any indications of material issues arising from non-compliance with employment law;
- Review of correspondence between the entity and the AIM;
- Review of AIM rules in light of knowledge of the company.


The above matters and identified laws and regulations and potential fraud risks were communicated to all engagement team members and internal specialists where necessary, in order to enable the team to have the ability to identify such risks. The whole team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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.



Rachel Lockwood (Senior Statutory Auditor)

for and on behalf of Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

Date: 30 October 2024

Notes:

1. The maintenance and integrity of the Cordel Group PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 £	2023 £
Revenue from contracts with customers	3	4,439,441	3,046,496
Other income	4	538,014	408,756
Interest revenue calculated using the effective interest method		372	46
Expenses			
Hosting fees and other direct costs		(1,615,732)	(791,668)
Employee benefits expense	5	(3,306,707)	(2,367,385)
Occupancy expense		(51,498)	(34,411)
Depreciation and amortisation expense		(123,234)	(117,302)
Other expenses		(1,062,109)	(593,297)
Finance costs		(14,434)	(16,819)
Loss before income tax expense		(1,195,886)	(465,584)
Income tax expense	7	(103,225)	(132,566)
Loss after income tax expense for the year		(1,299,111)	(598,150)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share option reserve		33,617	54,601
Foreign currency translation		(14,037)	(17,257)
Other comprehensive income for the year, net of tax		19,580	37,344
Total comprehensive income for the year		(1,279,531)	(560,806)
Loss for the year is attributable to:			
Owners of Cordel Group plc		(1,299,111)	(598,150)
		(1,299,111)	(598,150)
Total comprehensive income for the year is attributable to:			
Owners of Cordel Group plc		(1,279,531)	(560,806)
		(1,279,531)	(560,806)
		Pence	Pence
Basic earnings per share	9	(0.65)	(0.30)
Diluted earnings per share	9	(0.60)	(0.28)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2024

	Note	2024 £	2023 £
Non-current assets			
Goodwill	10	1,223,403	1,223,403
Right of use asset	11	203,640	28,858
Property, plant and equipment	12	131,031	73,872
Deferred tax asset		—	84,069
Total non-current assets		1,558,074	1,410,202
Current assets			
Inventories	14	127,762	143,781
Trade and other receivables	15	1,429,053	1,985,957
Cash and cash equivalents		1,022,180	1,283,463
Total current assets		2,578,995	3,413,201
Non-current liabilities			
Lease Liabilities	21	148,780	—
Deferred tax		552	2,031
Total non-current liabilities		149,332	2,031
Current liabilities			
Trade and other payables	16	1,045,636	662,160
Employee benefits		271,507	194,146
Unearned Income		45,911	133,290
Lease Liabilities	21	105,138	32,700
Total current liabilities		1,468,192	1,022,296
Net current assets		1,110,803	2,390,905
Total assets less current liabilities		2,668,877	3,801,107
Net assets		2,519,545	3,799,076
Equity			
Share capital	17	1,994,886	1,994,886
Share premium account		10,856,854	10,856,854
Other reserves	18	566,848	2,437,108
Accumulated losses		(10,899,043)	(11,489,772)
Total equity		2,519,545	3,799,076

The financial statements of Cordel Group plc (company number 11098701 (England and Wales) were approved by the Board of Directors and authorised for issue on 28 October 2024.

They were signed on its behalf by:



Ian Buddery
Chairman



John Davis
Director

The above consolidated balance sheet should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Share capital £	Share premium account* £	Other reserves £	Accumulated losses £	Total equity £
Balance at 1 July 2022	1,704,272	9,525,617	2,399,764	(10,894,381)	2,735,272
Loss after income tax expense for the year	—	—	—	(598,150)	(598,150)
Other comprehensive income for the year, net of tax	—	—	37,344	2,759	40,103
Total comprehensive income for the year fully attributable to owners of the parent	—	—	37,344	(595,391)	(558,047)
Share issue	290,614	1,331,237	—	—	1,621,851
Balance at 30 June 2023	<u>1,994,886</u>	<u>10,856,854</u>	<u>2,437,108</u>	<u>(11,489,772)</u>	<u>3,799,076</u>

* The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 1 July 2023	1,994,886	10,856,854	2,437,108	(11,489,772)	3,799,076
Loss after income tax expense for the year	—	—	—	(1,299,111)	(1,299,111)
Other comprehensive income for the year, net of tax	—	—	19,580	—	19,580
Total comprehensive income for the year fully attributable to owners of the parent	—	—	19,580	(1,299,111)	(1,299,111)
Return of capital on wind down of Maestrano Pty Ltd	—	—	(1,889,840)	1,889,840	—
Balance at 30 June 2024	<u>1,994,886</u>	<u>10,856,854</u>	<u>566,848</u>	<u>(10,899,043)</u>	<u>2,519,545</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2024

	2024 £	2023 £
Cash flows from operating activities		
Loss before income tax expense for the year	(1,195,886)	(465,584)
Adjustments for:		
Depreciation and amortisation	123,234	117,302
Loss/(Gain) on disposal of equipment	(1,761)	(36,423)
Unwinding of lease liability incentive	(8,777)	—
Foreign exchange differences	(1,327)	15,136
Share option reserve	33,617	57,360
Interest received	(372)	(46)
Interest and other finance costs	14,434	16,819
	<u>(1,036,838)</u>	<u>(295,436)</u>
Change in operating assets and liabilities:		
Decrease/(increase) in inventories	16,019	103,159
Decrease/(increase) in trade and other receivables	227,879	(1,223,778)
(Decrease)/increase in trade and other payables	383,476	81,920
(Decrease)/increase in other liabilities	(10,016)	169,852
	<u>(419,481)</u>	<u>(1,164,283)</u>
Interest received	372	46
Interest and other finance costs paid	(4,571)	(12,133)
R&D tax credit received	329,025	547,217
Net cash used in operating activities	<u>(94,654)</u>	<u>(629,153)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed asset	8,655	69,422
Payments for plant and equipment	(145,172)	(60,809)
Net cash used in investing activities	<u>(136,517)</u>	<u>8,613</u>
Cash flows from financing activities		
Proceeds from issue of shares	—	1,725,066
Lease liability incentive received	52,660	—
Cash payments for leases	(58,384)	(37,650)
Interest on lease payments	(9,863)	(4,685)
Transaction costs on issue of shares	—	(103,214)
Net cash from financing activities	<u>(15,587)</u>	<u>1,579,517</u>
Net (decrease)/increase in cash and cash equivalents	(246,758)	958,977
Cash and cash equivalents at the beginning of the financial year	1,283,463	339,665
Effects of exchange rate changes on cash and cash equivalents	(14,525)	(15,179)
Cash and cash equivalents at the end of the financial year	<u><u>1,022,180</u></u>	<u><u>1,283,463</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

Cordel Group plc is a public company, registered in England and Wales and listed on the Alternative Investment Market ('AIM'). The company's registered number and registered office can be found on the General Information page.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cordel Group plc have been prepared in accordance with UK adopted International Accounting Standards and with requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention, with the exception of financial instruments as set out below, and are presented in pounds Sterling, which is also the company's functional currency.

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future.

The Directors have considered the Group's existing working capital, contracted revenue and pipeline of opportunities and are of the opinion that the Group has adequate resources to undertake its planned programme of activities for at least 12 months and 1 day from the date of approval of these financial statements.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cordel Group plc as at the balance sheet dates presented and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The consolidated financial statements are presented in Pounds Sterling, which is Cordel Group plc's functional currency.

Foreign currency transactions

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Pounds Sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pounds Sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is measured as the fair value of consideration received or receivable in satisfying performance obligations contained in contracts with customers, excluding discounts or any applicable sales taxes. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Group derives revenue from the sale of hardware, services including data capture, processing and analytics, engineering design and configuration, as well as software licencing and customer support and maintenance.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price.

Revenue is recognised when the performance obligation in the contract has been performed (either at a "point in time" or "over time" as control is transferred to the customer).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants from government

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants which represent compensation for expenses or losses already incurred are included in other income in the profit or loss statement in the year in which the expenses or losses were incurred.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Plant and equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line/diminishing value basis to write off the depreciable amount of each item of equipment over their expected useful lives as follows:

Office equipment	2-10 years straight line
Furniture and fixtures	10 years straight line
Leasehold improvements	3-4 years straight line
Flight equipment	2 years straight line
Motor vehicles	8 years diminishing value
Computer equipment	2 years straight line
R&D assets	2 years straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment under leases are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct part costs. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Intangible assets

Intangible assets acquired as part of a business combination, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

In line with IAS36, an annual impairment review is conducted to assess whether the goodwill recognised in respect of acquisition accounting is in need of impairment. The Directors have reviewed and endorsed a 5 year free cashflow forecast prepared by the Management Team to assess the net present value and net carrying value of the goodwill. The Directors also believe that there is one Cash Generating Unit (CGU) for the group. It is believed that the Corridor Holdings Group entities do not generate independent cash flows and instead exist to service the group and develop the business. Key assumptions used in management's assessment include financial information, growth rates and discount rates. Management have also assessed the sensitivities around the reasonableness of the assumptions that would cause the recoverable amount of the CGU to fall below the carrying amount, for example assessing various revenue flexes to see if there is sufficient headroom available. Based on those assumptions and forecasts, the Directors believe that there is no indication of impairment. All research, development and delivery are conducted in the Corridor Holdings Group entities (previously Aightsight Holdings at acquisition) and continued growth of Cordel Group Plc is supported by investment in Corridor Holdings Group.

Software

Significant costs associated with purchased software are deferred and amortised on a reducing balance basis over the period of their expected benefit, being their finite useful life of two years.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Employee benefits

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to be exercised after allowing for forfeiture rates, and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Cordel Group plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax/Goods and Services Tax and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated sales tax, unless the sales tax incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of sales tax receivable or payable. The net amount of sales tax recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The sales tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the tax authority.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease, that is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commitment date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the assets, as follows:

Property 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchased option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

A depreciation charge for the leased asset and an interest expense on the lease liability is recognised in the profit and loss in accordance with IFRS 16. For classification within the statement of cash flows, the lease payments are separated into both a principal (financing activities) and interest (either operating or financing activities) component.

Cashflow statement

The cash flow statement is prepared under the indirect method.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, management believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting judgements, estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

a) Revenue recognition where contracts are in progress

In accordance with the revenue recognition policy detailed in note 2, in measuring revenue relating to fixed agreements the Group measures the stage of completion with reference to costs incurred and the total costs estimated for each contract. The total estimated costs for each contract are reviewed monthly to ascertain the current stage of completion and requires reasonable judgments to be made. Judgement includes allocating transaction prices to each of the performance obligations.

b) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

c) Cost of sales and allocation of overhead costs

The calculation of cost of sales involves several significant judgements and estimates by management. These include an apportionment of overhead costs, valuation of inventory and accrued costs on contracts. Adjustments to the overhead allocation methodology were made in the year to better align with actual costs incurred for each contract. The methodology and internal controls over accurate measurement of these costs is improving overtime. Management continues to review these estimates and assumptions regularly.

NOTE 3. REVENUE

Segmental analysis

Identification of reportable operating segments

The Group operates in one segment being provision of data capture and analytic services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operating segment information is the same information as provided throughout the consolidated financial statements and is therefore not duplicated.

Major customers

In the year, three customers contributed more than 10% of the company's external revenue, with contributions of £1,197,092, £951,550 and £936,227 (2023: three customers contributed £1,123,449, £968,782 and £576,671 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3. REVENUE (continued)

Revenue by geographical area

Revenue from the principal activities of the Group is attributable to the following geographical areas:

	2024 £	2023 £
United Kingdom	2,084,132	1,545,453
Australia/New Zealand	327,976	318,412
The Americas	2,027,333	1,182,631
	<u>4,439,441</u>	<u>3,046,496</u>

Contract revenue by product

	2024 £	2023 £
Nextcore	3,145	117,867
Cordel	4,436,296	2,928,629
	<u>4,439,441</u>	<u>3,046,496</u>

NOTE 4. OTHER INCOME

	2024 £	2023 £
Government grants and rebates	519,145	372,172
Other income	18,869	36,584
	<u>538,014</u>	<u>408,756</u>

NOTE 5. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

Total staff costs were as follows:

	2024 £	2023 £
Wages	2,893,050	2,098,081
Social security costs	194,639	68,477
Other pension costs	185,400	143,468
Share-based payments	33,618	57,359
	<u>3,306,707</u>	<u>2,367,385</u>

Included in other creditors at the period end there were unpaid pension costs of £28,842 (2023: £9,465).

The average number of employees during the year was as follows:

	2024	2023
Sales and marketing	7	4
Technical	23	17
Finance and administration	6	6
Average number of employees	<u>36</u>	<u>27</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5. STAFF COSTS AND KEY MANAGEMENT PERSONNEL (continued)

Details of Directors' remuneration is set out below:

The total remuneration in respect of the year ended 30 June 2024 and paid to each Director who held office during the year as follows:

	Salary and fees £	Share option charge £	Bonus £	Pension contributions £	2024 £	2023 £
<i>Non-Executive Directors:</i>						
Ian Buddery	78,357	—	—	—	78,357	67,039
Jonathan Macleod	36,252	—	—	3,980	40,232	37,158
Nicholas McInnes	44,000	—	—	220	44,220	35,750
<i>Executive Directors:</i>						
Aaron Hoye	137,068	—	4,980	15,077	157,125	98,553
Nicholas Smith (resigned 01/03/2023)	—	—	—	—	—	67,415
John Davis	140,226	7,090	28,310	333	175,959	60,408
Robert Lojszczyk (resigned 31/07/2023)	—	—	—	—	—	62,901
Thouraya Walker	75,000	1,380	3,253	3,975	83,608	24,022
Total Directors' remuneration	<u>510,903</u>	<u>8,470</u>	<u>36,543</u>	<u>23,585</u>	<u>579,501</u>	<u>453,246</u>

Number of Directors accruing benefits under money purchase schemes in respect of qualifying services were four (2023: four).

No Directors exercised share options in the year ended 30 June 2024 (2023: Nil).

NOTE 6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before income tax stated after charging/(crediting):

	2024 £	2023 £
Depreciation – owned assets	59,232	84,824
Depreciation – right of use assets	64,003	32,478
(Profit)/loss on disposal of property, plant and equipment	(1,761)	(36,423)
Fees attributable to the auditors of the parent company		
– audit of the group	115,000	72,000
– other services	814	1,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7. INCOME TAX

	2024 £	2023 £
Income tax expense		
Adjustment recognised for prior periods	—	—
Aggregate income tax expense	<u>103,225</u>	<u>132,566</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(1,195,887)	(465,584)
Tax at the statutory tax rate of 25% (2023: 23%)	(302,517)	(86,161)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenditure, net of tax credits	140,705	115,025
Capital allowances in excess of depreciation	2,472	(2,533)
Other items	15,686	8,209
Current year tax losses not recognised	244,305	98,026
Temporary differences not recognised	2,574	—
Income tax expense	<u>103,225</u>	<u>132,566</u>

Tax at the statutory tax rate represents the effective rate of income tax across the jurisdictions in which each of the Group entities are domiciled.

The tax rates of the main jurisdictions are Australia 25% (2023: 25%), United Kingdom 25% (2023: 19%), United States of America 21% (2023: 21%).

	2024 £	2023 £
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	<u>3,988,164</u>	<u>3,013,644</u>
Potential deferred tax asset at domestic tax rates applicable in the countries concerned	<u>997,041</u>	<u>572,592</u>
The above potential tax benefit for tax losses has not been recognised in the balance sheet due to a lack of certainty as to when the losses will reverse.		
Deferred tax asset recognised on losses which are expected to reverse	—	<u>101,148</u>

There are no other deferred tax assets/liabilities other than losses mentioned above.

NOTE 8. DIVIDENDS

There were no dividends paid, recommended or declared during the current or prior financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 9. EARNINGS PER SHARE

	2024 £	2023 £
Loss after income tax	(1,299,111)	(598,150)
Non-controlling interest	—	—
Loss after income tax attributable to the owners of Cordel Group plc	<u>(1,299,111)</u>	<u>(598,150)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>199,488,614</u>	<u>199,488,614</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>217,155,558</u>	<u>214,488,892</u>
	Pence	Pence
Basic earnings per share	(0.65)	(0.30)
Diluted earnings per share	(0.60)	(0.28)

NOTE 10. GOODWILL

	2024 £	2023 £
Goodwill on consolidation	<u>1,223,403</u>	<u>1,223,403</u>
	<u>1,223,403</u>	<u>1,223,403</u>

The goodwill on consolidation was recognised in the year ended 30 June 2020 and no impairments have been recognised to date.

NOTE 11. RIGHT-OF-USE ASSETS

	£
Balance as at 30 June 2023	28,858
Additions	253,577
Disposals	(154,074)
Exchange differences	147
Depreciation disposed	139,135
Depreciation expense	(64,003)
Balance as at 30 June 2024	<u>203,640</u>

The balance as at 30 June 2023 of £28,858 is represented by costs brought forward of £168,937, accumulated depreciation brought forward of £132,771 and an exchange rate difference of £7,308.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

The Group leases premises with a lease term of 3 years ending 31 December 2026. There is no option to purchase and there are no variable payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Office equipment £	Furniture and fixtures £	Motor Vehicles £	Flight equipment £	R&D assets £	Total £
Balance at 30 June 2023	6,736	13,778	13,881	3,248	29,497	6,732	73,872
Additions	95,973	42,043	—	7,157	—	—	145,172
Disposals	(22,602)	(14,394)	(32,463)	(21,779)	(91,310)	—	(182,548)
Exchange differences	581	28	(1,696)	240	1,264	24	441
Depreciation disposed	18,132	12,461	28,124	18,624	75,984	—	153,325
Depreciation expense	(18,570)	(14,357)	(6,099)	(866)	(15,085)	(4,254)	(59,231)
Balance at 30 June 2024	<u>80,249</u>	<u>39,559</u>	<u>1,747</u>	<u>6,624</u>	<u>350</u>	<u>2,502</u>	<u>131,031</u>

Non-current assets by geographical location

All property plant and equipment, including the Right-of-use assets, is located in Australia other than computer equipment with a net book value of £2,265 which is located in the United Kingdom and office equipment with a net book value of £2,243 which is located in the United States of America.

NOTE 13. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the Company or by its subsidiaries in accordance with the accounting policy described in note 2:

Name	Address and country of incorporation	Holding %
Cordel Limited	10 John Street, London WC 1N 2EB United Kingdom	100%
Cordel Technology Inc	1734 E. Boston Street, Suite 103, Gilbert AZ 85295, United States of America	100%
Corridor Holdings Pty Ltd	Level 4, 745 Hunter Street, Newcastle West NSW 2302, Australia	100%
Cordel Pty Ltd	Level 4, 745 Hunter Street, Newcastle West NSW 2302, Australia	100%
Airsight Australia Pty Ltd	Level 4, 745 Hunter Street, Newcastle West NSW 2302, Australia	100%
Maestrano Pty Ltd	Level 4, 745 Hunter Street, Newcastle West NSW 2302, Australia	100%
Airsight IP Pty Ltd	Level 4, 745 Hunter Street, Newcastle West NSW 2302, Australia	100%

Cordel Pty Ltd, Airsight Australia Pty Ltd and Airsight IP Pty Ltd are 100% subsidiaries of Corridor Holdings Pty Ltd.

NOTE 14. INVENTORIES

	2024 £	2023 £
Inventories	127,762	143,781
	<u>127,762</u>	<u>143,781</u>

The amount of inventories expensed during the period was £308,107 (2023: £284,524), inclusive of a write off of Nextcore inventory during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 15. TRADE AND OTHER RECEIVABLES

	2024 £	2023 £
Trade receivables	511,441	1,389,987
R&D tax offset refundable	439,852	332,021
Prepayments	211,305	242,250
Other receivables	266,455	21,699
	<u>1,429,053</u>	<u>1,985,957</u>

Allowance for expected credit losses

The Group has recognised a loss of £Nil (2023: £Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024. The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024 %	2023 %	2024 £	2023 £	2024 £	2023 £
Not overdue	—	—	511,441	1,314,566	—	—
0 to 3 months overdue	—	—	—	75,421	—	—
3 to 6 months overdue	—	—	—	—	—	—
Over 6 months overdue	—	—	—	—	—	—
			<u>511,441</u>	<u>1,389,987</u>	<u>—</u>	<u>—</u>

The Company has virtually no experience of bad debts and credit losses and the Directors do not expect any future credit losses to arise as contracts come to termination and as a result no expected credit loss provision was recorded.

NOTE 16. TRADE AND OTHER PAYABLES

	2024 £	2023 £
Trade payables	457,861	240,697
Accrued expenses	454,015	314,960
Other payables	133,760	106,503
	<u>1,045,636</u>	<u>662,160</u>

Refer to note 20 for further information on financial instruments.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. If net debt is negative, then the net debt adjustment is limited to zero.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 16. TRADE AND OTHER PAYABLES (continued)

The Group would look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is not subject to any financing arrangement covenants and there have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged throughout the periods presented.

NOTE 17. CALLED UP SHARE CAPITAL

	2024 Shares	2023 Shares	2024 £	2023 £
Ordinary shares of £0.01 each – issued and fully paid	<u>199,488,614</u>	<u>199,488,614</u>	<u>1,994,886</u>	<u>1,994,886</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 18. RESERVES

Accumulated losses represent the total losses incurred by the group to date.

Share premium is the premium paid on shares purchased in the company.

Other reserves in the balance sheet comprise the following:

	2024 £	2023 £
Foreign currency reserve	347,433	361,471
Share option reserve	219,415	185,797
Capital reorganisation reserve	—	1,889,840
	<u>566,848</u>	<u>2,437,108</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 18. RESERVES (continued)

Capital reorganisation reserve

The Group is a continuation of the original Maestrano Pty Limited group. Historically, Cordel Group plc recorded the net assets of Maestrano Pty Limited group at their historic carrying value at the date of acquisition as a capital reorganisation. The reserve was used to recognise the difference between the shares issued to affect the transaction (£200,000) and the share capital acquired (£2,089,840). During the year, the Maestrano Pty Limited standalone entity was wound down, resulting in dividend and return of capital to Cordel Group Plc. Therefore the balance remaining in the capital reorganisation reserve was reduced to £Nil.

NOTE 19. SHARE-BASED PAYMENTS

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board of Directors, grant options over equity settled ordinary shares in the Company to certain key management personnel of the Group. The options are issued for £Nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

All options vest over a period no longer than five years and may have other vesting conditions. Options expire when an employee ceases to be employed or contracted by a Group company unless the Board in its discretion allows the employee to retain all or some of their options. Options do not have a fixed expiry date.

The share-based payment expense for the financial year was recorded as £33,618 (2023: £57,359).

The fair value of the options granted in the year were calculated using the Black-Scholes Model with the below inputs:

Date granted	Fair value £	Weighted average share price £	Exercise price £	Expected volatility years	Risk-free interest rate	Vesting period
20/11/2023	0.01083	0.01	0.047	26%	4.0%	3
06/02/2024	0.0074	0.01	0.043	24%	4.0%	2
07/02/2024	0.0094	0.01	0.043	24%	4.0%	3
07/02/2024	0.0074	0.01	0.043	24%	4.0%	2
10/04/2024	0.0092	0.01	0.041	25%	4.0%	3

The volatility was calculated using the entity's share price over the previous 12 months and the valuations were undertaken by an independent organisation.

The following table summarises the movements in share options during the year:

	2024		2023	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	15,000,278	0.035	11,703,611	0.041
Granted	3,450,000	0.045	4,120,000	0.077
Exercised	—	—	(490,000)	0.018
Forfeited	(783,333)	0.054	(333,333)	0.010
Outstanding at end of year	17,666,945	0.036	15,000,278	0.035
Exercisable at end of year	12,955,550	0.027	11,202,539	0.021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 19. SHARE-BASED PAYMENTS (continued)

The weighted average exercise price at the end of the financial year was £0.036 (2023: £0.035), with the exercise prices ranging between £0.01 and £0.128.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.0 years (2023: 2.3 years).

There is no agreement in place between the Company and its employees for the Company to pay taxes on behalf of its employees. The Company will be liable for employer's National Insurance contributions.

NOTE 20. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a regular basis.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group had net assets denominated in foreign currencies of £1,034,866 as at 30 June 2024 (2023: £1,271,982). Based on this exposure, had the Pound sterling weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's equity for the year would have been £103,487 higher/£103,487 lower (2023: £127,198 higher/£127,198 lower). The actual foreign exchange gain for the year ended 30 June 2024 was £1,327 (2023: loss of £15,136).

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk. Cash and cash equivalents are held in banks in the UK, the USA and Australia, where the current interest rates range between 4% and 5%. The group continues to monitor fluctuations in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the gross carrying amount, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 20. FINANCIAL INSTRUMENTS (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Except for cash and cash equivalents, the Group has no other concentration of credit risk exposure as at 30 June 2024. No expected credit loss is recorded for cash and cash equivalents as the Group and Company only deal with at least "A" rated financial institutions.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	457,861	—	—	—	457,861
Other payables	133,760	—	—	—	133,760
Total non-derivatives	<u>591,621</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>591,621</u>
	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
2023					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	240,697	—	—	—	240,697
Other payables	106,503	—	—	—	106,503
Total non-derivatives	<u>347,200</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>347,200</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The Group has more than adequate cash reserves to meet the remaining contractual maturities.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 21. LEASES

Lease liabilities

The following non-cancellable lease commitments existed at the period end:

	2024 £	2023 £
0-1 Year	105,138	32,700
1-5 Years	148,780	—
	<u>253,918</u>	<u>32,700</u>

As at 30 June 2024 the Group had not committed to any further lease liabilities that had not yet commenced.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The total cash outflow in respect of leases in the year was £68,248 (2023: £37,650) and the interest expense for leasing arrangements was £9,863 (2023: £4,685).

NOTE 22. RELATED PARTY TRANSACTIONS

Ultimate controlling party

There is no ultimate controlling party.

Key management personnel

Disclosures relating to key management personnel are set out in note 5.

Transactions with related parties

Ian Buddery was remunerated through his personal service company during the year. Total amounts paid during the year ended 30 June 2024 were £78,357 (2023: £67,039) and these amounts are included within the Directors' remuneration shown in note 5.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting dates.

NOTE 23. EVENTS AFTER THE REPORTING PERIOD

On 3 October 2024, Cordel Group Plc announced a placing of 15,384,616 new Ordinary shares at 6.5 pence per share with an existing institutional investor, raising proceeds of £1.0 million to accelerate the development of AI capabilities.

Other than the above no matter of circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

COMPANY BALANCE SHEET AS AT 30 JUNE 2024

	Note	2024 £	2023 £
Non-current assets			
Investments	2	1,070,698	1,058,993
Total non-current assets		1,070,698	1,058,993
Current assets			
Trade and other receivables	3	2,190,426	2,513,599
Cash and cash equivalents		65,314	1,116,178
Total current assets		2,255,740	3,629,777
Current liabilities			
Trade and other payables	4	332,233	2,154,892
Total current liabilities		332,233	2,154,892
Net current assets		1,923,507	1,474,885
Total assets less current liabilities		2,994,205	2,533,878
Net assets		2,994,205	2,533,878
Equity			
Share capital	5	1,994,886	1,994,886
Share premium account	6	10,856,854	10,856,854
Other reserves	6	274,828	241,209
Accumulated losses	6	(10,132,363)	(10,559,071)
Total equity		2,994,205	2,533,878

The Company has taken advantage of the exemption under Section 408 of the Companies Act from presenting its own profit and loss account. The profit for the year to 30 June 2024 amounted to £426,708 due to the return of capital on the wind down of Maestrano Pty Ltd (2023: £2,971,495 loss). The taxable loss for the year to 30 June 2024 amounted to £323,701 (2023: £513,288 loss).

The financial statements of Cordel Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 28 October 2024.

They were signed on its behalf by:



Ian Buddery
Chairman



John Davis
Director

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 1 July 2022	1,704,272	9,525,617	229,760	(7,590,335)	3,869,314
Loss after income tax expense for the year	—	—	—	(2,971,495)	(2,971,495)
Foreign currency translation	—	—	(43,151)	—	(43,151)
Share option charge	—	—	57,359	—	57,359
Share option exercise	—	—	(2,759)	2,759	—
Total comprehensive income for the year	—	—	11,449	(2,968,736)	(2,957,287)
Share issue	290,614	1,331,237	—	—	1,621,851
Balance at 30 June 2023	<u>1,994,886</u>	<u>10,856,854</u>	<u>241,209</u>	<u>(10,559,071)</u>	<u>2,533,878</u>
	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 1 July 2023	1,994,886	10,856,854	241,209	(10,559,071)	2,533,878
Profit after income tax expense for the year	—	—	—	426,708	426,708
Foreign currency translation	—	—	—	—	—
Share option charge	—	—	33,619	—	33,619
Total comprehensive income for the year	—	—	33,619	426,708	460,327
Balance at 30 June 2024	<u>1,994,886</u>	<u>10,856,854</u>	<u>274,828</u>	<u>(10,132,363)</u>	<u>2,994,205</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The parent company financial statements of Cordel Group plc have been prepared in accordance with the Financial Report Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

FRS 101 enables the financial statements of the Parent Company to be prepared in accordance with IFRS but with certain disclosure exemptions. As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including (where applicable): statement of cash flows, new Accounting Standards not yet mandatory, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

The accounting policies adopted for the parent company are otherwise consistent with those used for the group which are set out on pages 33 to 42.

NOTE 2. INVESTMENT IN SUBSIDIARY

Investment in subsidiary

Investment in subsidiary is shown at initial cost plus any subsequent contributions, less accumulated impairment.

In a Group reorganisation, initial cost is measured at the carrying amount of the Company's share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. If the original parent has net liabilities, the initial cost is recognised as £Nil.

The difference between the capital contributed to effect the transaction and the initial cost recognised as the investment in subsidiary is reflected as an adjustment directly to the capital reorganisation reserve in equity.

	2024 £	2023 £
Investment in Corridor Holdings Pty Ltd – 100% of issued capital held	1,002,360	1,001,249
Investment in Cordel Ltd – 100% of issued capital held	13,748	5,570
Investment in Cordel Technology Inc. – 100% of issued capital held	54,590	52,174
	<u>1,070,698</u>	<u>1,058,993</u>

The increase in the value of the investment in the year is due to the share option charge granted to the employees within the subsidiaries.

A full list of the subsidiaries controlled by the Company is disclosed in note 13 to the consolidated financial statements.

NOTE 3. TRADE AND OTHER RECEIVABLES

	2024 £	2023 £
Receivable from controlled entities	2,144,225	2,453,772
Prepayments	33,617	47,773
Other receivables – representing sales tax	12,584	12,054
	<u>2,190,426</u>	<u>2,513,599</u>

The receivables from controlled entities are repayable on demand. A receivable balance of £1,182,700 was provided for in the current year owing from Corridor Holdings Pty Ltd (2023: £2,462,581). Corridor Holdings Pty Ltd remains operationally essential to the ongoing growth of the Group as a whole but is not expected to be significantly cash generating in its own right in the medium term. No expected credit loss provision is recorded on the remaining receivable from the controlled entities as Directors believe the receivable from controlled entities will be fully recovered from cash generated from revenue and operations.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 4. TRADE AND OTHER PAYABLES

	2024 £	2023 £
Trade payables	67,450	63,096
Payable to controlled entities	—	1,972,281
Accrued expenses	240,620	119,515
Other payables	24,163	—
	<u>332,233</u>	<u>2,154,892</u>

NOTE 5. SHARE CAPITAL

	2024 Shares	2023 Shares	2024 £	2023 £
Ordinary shares of £0.01 each – issued and fully paid	<u>199,488,614</u>	<u>199,488,614</u>	<u>1,994,886</u>	<u>1,994,886</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 6. OTHER RESERVES

Accumulated losses represent the total losses incurred by the company to date since its incorporation.

Share premium is the premium paid on shares purchased in the company.

Other reserves in the balance sheet comprise the following:

	2024 £	2023 £
Foreign currency reserve	55,413	55,413
Share option reserve	219,415	185,796
	<u>274,828</u>	<u>241,209</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 7. RELATED PARTY TRANSACTIONS

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2024 £	2023 £
Current receivables:		
Loans to a commonly controlled entity	5,789,506	4,916,353
Amounts provided for in prior years	(2,462,581)	—
Amounts provided for in the year	(1,182,700)	(2,462,581)
	<u>2,144,225</u>	<u>2,453,772</u>
Current payables:		
Loans from a commonly controlled entity	—	1,972,281

The receivables from controlled entities are repayable on demand. Details of related party transactions are provided in note 22 to the consolidated financial statements.

A payable balance of £1,953,819 due to Maestrano Pty Ltd was reduced to £Nil in the year as a result of a return of capital on the cessation of the company's operations.

A receivable balance of £1,182,700 due from Corridor Holdings Pty Ltd was provided for in the year (2023: £2,462,581). Corridor Holdings Pty Ltd remains operationally essential to the ongoing growth of the Group as a whole but is not expected to be significantly cash generating in its own right in the medium term.

Ian Buddery was remunerated through his personal service company during the year. Total amounts paid were £78,357 (2023: £67,039) and these amounts are included within the Directors remuneration shown in note 5 to the consolidated financial statements.

NOTE 8. SHARE-BASED PAYMENTS

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board of Directors, grant options over equity settled ordinary shares in the Company to certain key management personnel of the Group. The options are issued for £Nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

All options vest over a period no longer than five years and may have other vesting conditions. Options expire when an employee ceases to be employed or contracted by a Group company unless the Board in its discretion allows the employee to retain all or some of their options. Options do not have a fixed expiry date.

The share-based payment expense for the financial year was recorded as £19,698 (2023: £34,274).

NOTE 9. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

NOTE 10. EVENTS AFTER THE REPORTING PERIOD

On 3 October 2024, Cordel Group Plc announced a placing of 15,384,616 new Ordinary shares at 6.5 pence per share with an existing institutional investor, raising proceeds of £1.0 million to accelerate the development of AI capabilities.

Other than the above no matter of circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.



