

30 October 2023

Cordel Group PLC
("Cordel" or the "Company" or the "Group")

Results for the year ended 30 June 2023
Publication of Annual Report and Accounts and Notice of Annual General Meeting

Cordel Group PLC (AIM: CRDL), the Artificial Intelligence platform for transport corridor analytics, today announces its audited results for the twelve months ended 30 June 2023 ("FY23")

Financial Highlights

GBP 000's	Twelve months to 30 June 2023	Twelve months to 30 June 2022	% Change	% Change constant currency
Total Revenue	3,046	2,273	34%	35%
Cost of sales	(791)	(775)	2%	-2%
Total expenses	(3,129)	(3,300)	-5%	-6%
Grant Income	372	597	-37%	-33%
Other income	36	-	-	-
Loss before Income tax	(466)	(1,205)	-61%	-69%

**Constant currency reflects the results had the underlying transactional currencies been constant in both periods reported. 52% of revenue for the twelve months to June 2022 was in Australian dollars.*

Operational and Financial Highlights for the Period

- Amtrak (USA) key 6 year contract win to supply fully automated software suite for survey and clearance management, valued at \$6.7 million.
- Angel Trains (UK) 5 year contract win to install fully-automated hardware onto passenger trains ; delivery milestones achieved.
- One Rail Australia ballast profile analysis 12-month contract win, delivering Cordel's LIDAR-based solutions.
- Joined Microsoft ISV Success program, working with Microsoft's Rail Industry Sector team.
- Partnership launched with Ricardo to identify and pursue opportunities in railway inspection and asset management
- Total revenue up 34% in reported currency and up 35% in constant currency.
- Total expenses decreased by 5% (6% in constant currency), with rationalisation of business units to focus on core LiDAR + AI solution.
- Australian R&D grant reduced due to changes in product mix.
- Oversubscribed equity placing in March 2023 raising £1.7 million (gross).
- Cash balance and trade receivables as at 30 June 2023 was £2,692,672.

Post Period End Highlights

- In July 2023, ARTC Australia contract extension to August 2024 awarded

John Davis, CEO of Cordel, commented: "This year has been seminal for Cordel. We have built on our momentum from FY22 and have been able to significantly increase engagement with our target markets in FY23. We achieved a 34% revenue growth result and critically, we now hold a strong base of recurring revenue contracts plus a substantial deal pipeline resulting from continued progress with existing and new customers..



There has been a great deal to be proud of during FY23: the Amtrak contract is a vital foundation stone for the growth of Cordel in the future – our first really meaningful achievement in the US market. Our relationships with Network Rail and Angel in the UK and ARTC in Australia remain very strong and both offer us considerable opportunities moving forward. In addition, we have strengthened our leadership team, our sales capability and our tech and product functions. We are extremely well positioned to accelerate our growth in FY24 and beyond."

Annual Report

The Annual Report and Accounts are being posted to shareholders today and will be made available on the Group's website www.cordel.ai

Key extracts from the report and accounts are presented below.

The Company also announces that the annual general meeting of the Company is to be held at the offices of Cordel Group plc, Salisbury House, London Wall, EC2M 5SQ, United Kingdom at 9.00 am on Thursday 30 November 2023. A notice of Annual General Meeting has been posted to shareholders today.

Enquiries:

Cordel Group PLC

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About Cordel

Cordel produces specialist hardware and software for capturing, analysing and reporting on large datasets within the transport sector, employing sophisticated artificial intelligence algorithms.

Further information on the Company is available at: 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 2023.

The strategic report includes the following sections:

1. Company Overview
2. Chairman's statement
3. Review of operations by the Chief Executive Officer
4. Principal risks and uncertainties
5. People

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 and road infrastructure industries, capture data and turn it into actionable insights to help manage vital assets, improving 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 and road 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 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.

Cordel is seeking to establish a strong business in rail before expanding into road and energy infrastructure. The Group has key 'anchor' customers for Cordel in Amtrak in the USA, Network Rail in the UK and the Australian Rail Track Corporation (ARTC) .

The Market

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

Cordel

Managing infrastructure assets is a major component of the overall railway management system market, which is projected to grow strongly. Global Market Insights Inc estimates that the market surpassed US\$35 billion in 2019 and is anticipated to grow at over 8% CAGR between 2020 and 2026, to reach US\$55 billion. Within this, the growth of support and maintenance spend will be higher across the same period, at up to 16% CAGR. (GMI Report, November 2020). Technavio is also reporting strong growth in the railway management system market, at 9% CAGR between 2019 and 2023. (Technavio Report, February 2019). More broadly, The machine learning market reached a value of about \$1.41 billion in 2020 and is expected to reach \$8.81 billion by 2025, (360 Research Reports 29 March, 2021)

The Cordel offering is a new entrant into this growth environment and aims to take market share away from older, less effective approaches to asset infrastructure monitoring, as well as take advantage of new budgets being allocated, as innovation-oriented spend grows within 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 alternative 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

We are delighted with our achievements in the 2023 Fiscal Year, including our major breakthrough into the US market and continuing strength in the UK. We are now positioned and resourced for accelerated growth. Importantly, we have a rich technology development roadmap actively in progress, as we begin to reap the benefits of our leadership in the application of Artificial Intelligence to railway infrastructure management.

We were successful in raising £1.7million in March, to fund our USA expansion strategy through 2024. At the date of this report, our plan is ahead of schedule with key hires in the UK (including a Strategic Growth Director, a Project Delivery Lead and Marketing personnel), in the US (a Senior Sales / Delivery Engineer) and in Australia (in Software Engineering, including lead AI engineers).

The UK and Australian markets continue to embrace our solutions and we now look forward to faster progress in the USA. We are reassured by customer feedback that attests to our technology advantage, low deployment cost and rapid processing times.

We continue to carefully manage expenditures, operating at or above cashflow breakeven before expansion strategy costs. Investment continued in product development, much of which is focused on increasing automation and new solutions 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.

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
24 October 2023



3. REVIEW OF OPERATIONS BY THE CHIEF EXECUTIVE OFFICER

I was honored to step into the CEO role in March 2023. Having been a Non-Executive Director of the Group since May 2018, I have seen first-hand the significant market opportunity that exists for Cordel in rail. We have been delighted by what we have been able to achieve in the FY ending June 2023 and look forward with genuine excitement and optimism to what we can deliver in the next 12-24 months.

This year has been a critical foundation for Cordel. We have built on our momentum from FY22 and have been able to significantly increase engagement with our target markets in FY23. In the rail industry, we do find that customer decision time frames are long and sometimes unpredictable which has impacted revenue in the period. Having said that, we achieved a 34% revenue growth result and critically, we now hold a strong deal pipeline resulting from the backlog created by some revenue slipping beyond our year end.

Overview of results

GBP 000's	Twelve months to 30 June 2023	Twelve months to 30 June 2022	% Change	% Change constant currency
Total Revenue	3,046	2,273	34%	35%
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Other income	36	-	-	-
Loss before Income tax	(466)	(1,205)	-61%	-69%

Gross margin improved from 66% to 74% as we've increased the volume of rail miles captured and analysed. Expenses remained broadly flat despite the growth in revenue.

Strategy

Our plan for the financial year FY23 was focused on achieving growth with existing and new customers in our key markets of the UK, United States and Australia, allied with investing time and effort to expand our partner channel. We have developed our relationships with Network Rail and Angel in the UK, agreed a contract extension with ARTC in Australia and critically, won a multi-year, multimillion dollar contract with Amtrak in the US. We have also deepened our partnership with D/Gauge (now owned by TUV Rheinland).

In FY24 our focus continues to be on winning more customer contracts in our core markets of the UK, United States and Australia. Having secured a successful capital raise in March 2023, we are now in a position to grow our sales and business development capabilities whilst also investing heavily in our engineering and product development and delivery teams. We see the single biggest opportunity for growth coming from the United States and our recruitment is focused on maximising that. Furthermore, more track miles under management and more products provided to each customer results in organic growth, in turn leading to margin improvement. And higher numbers of scanners running continuously on a greater number of trains will result in a greater proportion of future revenues being of a recurring nature.

STRATEGIC REPORT (continued)



Our products and services already employ Artificial Intelligence. We see a significant opportunity to develop our capabilities and propositions to customers in the AI space and since the end of FY23, we have recruited two new AI engineers who will help to drive this work. In addition, ongoing Cordel product development will expand processing and capability across data capture, data processing and insights generated. The nature of the machine learning approach means our offering is in a state of perpetual self-improvement, a virtuous circle in which the datasets added from each new customer and application refine our solution's knowledge base and recommended actions.

Ongoing operations

As of 30 June 2023, the Group had cash of £1,283,463 and receivables of £1,985,957.

The Group is laser focused on delivering on our recently agreed vision to 'Create safer, more efficient and sustainable railways around the world' We operate from offices in Newcastle, Australia while staff in the UK and USA have been working from home offices. After the FY23 year closed, we took a small office in Moorgate, London to enable the growing UK team to have a permanent base. We will continue to recruit new employees as part of expanding the business and management will ruthlessly focus on maintaining a strong and committed team whilst ensuring efficient and careful use of available resources.

We work very hard as a team to meet the challenges created by operating in multiple time zones. At the very heart of this is our focus on exceptional communications – which are facilitated by a range of technology solutions. As well as honing our vision, we have also recently revitalised our core values which are unity, humility, integrity, curiosity, excellence and ambition. To support the company and its aims, we have further enhanced our robust systems and processes for financial management, customer support and product development management, in preparation for scaling the Company.

Outlook

We are confident of continuing or exceeding our current growth trend in FY24, acquiring new customers for Cordel and providing new services to our existing customer base. We look forward to delivering further growth in value for our shareholders.

John Davis
Chief Executive Officer

24 October 2023



4. 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 and road 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 Engineering Consulting 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, results 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 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.

5. 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 is 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.

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

On behalf of the directors

Ian Buddery
Chairman

24 October 2023



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/2023/02/Cordel-Statement-of-QCA-compliance-2023.pdf>

On behalf of the Directors

Ian Buddery
Chairman

24 October 2023

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 2023.

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 (appointed CEO 1 March 2023)
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 (appointed 3 May 2023)
Nicholas Smith	Executive Director (resigned 1 March 2023)
Robert Lojszczyk	Executive Director, Company Secretary and Chief Financial Officer (resigned 31 July 2023)

Ian Buddery, aged 66 – 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 53 – 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 66 – 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 68 - 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 41 – 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 44 – Executive Director, Chief Financial Officer and Company Secretary

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.

Nicholas Smith, aged 37 – Executive Director and Chief Executive Officer (resigned 1 March 2023)

Results focused with an outstanding record of founding, growing and scaling technical businesses, Nick has a demonstrated ability to lead and manage geographically dispersed teams while maintaining the culture of the organisation.

Nicholas stepped down as a director and Chief Executive Officer on 1 March 2023. He was immediately appointed to the role of Vice President Europe & Middle East.

Robert Lojszczyk, 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.

Principal activities

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

Results and dividends

The loss for the Group after providing for income tax and non-controlling interest amounted to £598,150 (30 June 2022: £1,200,693).

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 2023 (30 June 2022: £Nil).

DIRECTORS' REPORT (continued)



Further commentary on the financial results are disclosed in the financial review by the Chief Financial Officer within the strategic report.

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 are disclosed in the strategic report.

Financial instruments

Information on the Group's financial instruments are disclosed in the strategic report and note 25 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 a director, 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 2023 were as follows:

Nicholas Smith	12.83%
Aaron Hoye	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.

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
24 October 2023

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 International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom and financial statements of the Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. 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
24 October 2023



Opinion

We have audited the group financial statements of Cordel Group PLC (the 'group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Statement of Cash Flows and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- 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 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 as applied to listed public entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Overview of our audit approach

Key audit matters

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

Audit scope

1. We performed an audit of the parent company and the consolidated entity.
2. We did not audit the components located in Australia, though our consolidated audit included direction of those component audits, a review of the procedures and work undertaken on these by the local authorised auditors together with an assessment of those auditors.
3. We did not audit the component located in America. This component did not need a local audit. We undertook audit work in relation to elements that were material to the group, utilising local expertise where needed.



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

4. We did not audit the 100% UK subsidiary, as this was not required to be audited. However, we did undertake audit work on the elements that were material to the group financial statements.

Materiality

1. Overall group materiality was £61,000. This represents 2% of the group's turnover for the year.

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.

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

Revenue recognition

Risk

1. The group has a number of large value contracts.
2. There is a risk that revenue is recognised too early or too late.

Our response to the risk

1. We, or our component auditors as appropriate, 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 pipeline for new revenue as part of our going concern review without noting any contracts omitted from revenue in the year.
3. 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.



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

2. We reviewed after date sales evidence in respect of a sample of items to confirm the inventory value was less than the future selling price.
3. We discussed with management possible provisions and reasonableness of these in respect of slow moving or obsolete items at the year end.
4. 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, or our component auditors as appropriate, obtained nominal ledger detail for the transactions of the group in the year.
2. We, or our component auditors as appropriate, reviewed these for reasonableness and evidence of any management override, including but not limited to, a review of journals made on weekends, journals with unusual narrative and round-sum journals.
3. We, or our component auditors as appropriate, did not note any management override in the period.

Key observations communicated to the audit committee

1. Based on our audit procedures and discussions with management we agreed that an impairment of the intercompany receivables balance from Corridor Holdings Pty Limited in the individual financial statements of Cordel Group PLC was appropriate. This has no impact upon the figures reported at a group level.
2. Based on our audit procedures and discussions with management we determined that the inventory value is not materially misstated, but that inventory should be reviewed more frequently, and provisions made as appropriate, for possible slow moving or obsolete inventory items.

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, United States of America and the United Kingdom, 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 reviewed the work undertaken by component auditors of the Australian entities. We also performed audit testing on the material elements of the United States of America entity, utilising experts where needed and the UK subsidiary entity.



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

The reporting components where we performed audit procedures or reviewed component auditor procedures undertaken 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 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 Group to be £61,000 (2022: £60,000) which is 2% of the turnover for the year (2022: 5% of the loss for the year). We believe that turnover is now the most appropriate basis for materiality as the group has matured, revenue has grown and the nature of contracts being entered into has improved. During the course of the audit, we reassessed initial materiality as required and updated this to the turnover basis as we determined from the contract reviews for going concern that the business maturity now rendered revenue the most appropriate measure of materiality.

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 75% (2022: 75%) of our final materiality, being £45,750 (2022: £45,000). 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 (2022: £2,500), 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.

Other information

The directors are responsible for the other information. The other information comprises the information set out in pages 4 to 16, 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



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

inconsistencies or apparent misstatements, we are required to determine whether there is a material misstatement in the financial statements or a misstatement of the other information. 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, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 financial statements are prepared is consistent with the group financial statements; and
- the Group Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified any matters in the 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:

- 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 16, 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.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.



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

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:

1. Considering the nature of the industry, sector, control environment and current business activities, including possible performance targets and subsequent remuneration;
2. Enquiring of management concerning policies and procedures relating to:
 - complying with laws and regulations and whether there were any instances of non-compliance; and
 - mitigating, detecting and responding to fraud risk and whether there has been any actual or possible instances of fraud;
3. Discussing with 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:
 - management override;
 - revenue recognition.
4. Discussing with 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 for Companies.

Audit response to the risks identified

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

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Detailed review of journal entries in the period;
- Review of contracts and stage of completion to confirm revenue not recognised too early.

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;
- Reviewing expenses codes for any items not allowable for the tax computations;
- Being cognisant of any potential indicators of employment disputes;
- Review of correspondence between the entity and the AIM.

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.

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

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: 22 October, 2023

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.



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') for the year ended 30 June 2023 which comprise the parent company Statement of Financial Position, the parent company Statement of Changes in Equity and Notes to the parent Company Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 30 June 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 parent company financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company financial statements in the UK, including the FRC's Ethical Standard as applied to listed public entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Overview of our audit approach

Key audit matters

1. Investment valuation
2. Recoverability of intercompany balances
3. Management override

Audit scope

1. We performed an audit of the parent company.

Materiality



1. Parent company materiality was £61,000. This represents 2% of the group's turnover for the year. Ordinarily we would have assessed the individual entity based on 5% net assets but restricted this to group materiality.

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

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.
4. 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.
2. 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.

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 made on weekends, journals with unusual narrative and round-sum journals.
3. We did not note any management override in the period.



Key observations communicated to the audit committee

1. Based on our audit procedures and discussions with management we agreed that an impairment of the intercompany receivables balance from Corridor Holdings Pty Limited was appropriate.

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

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 company to be £61,000 (2022: £60,000) which is 2% of the group turnover for the year (2022: 5% of the loss for the year). We restricted the individual entity materiality to group materiality. We believe that turnover is now the most appropriate basis for group materiality as the group has matured, revenue has grown and the nature of contracts being entered into has improved. During the course of the audit, we reassessed initial group materiality as required and updated this to the turnover basis as we determined from the contract reviews for going concern that the business maturity now rendered revenue the most appropriate measure of materiality. Consequently, we updated the parent company materiality accordingly as the revised level was below what it would have been at 5% of net assets which we would have applied otherwise.

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 75% (2022: 75%) of our final materiality, being £45,750 (2022: £45,000). 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 (2022: £2,500), 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 TO THE MEMBERS OF CORDEL GROUP PLC (continued)

Other information

The directors are responsible for the other information. The other information comprises the information set out in the Report of the Directors but does not include the parent company financial statements and our Report of the Auditors thereon.

Our opinion on the parent company 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 parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is inconsistent with the parent company 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 there is a material misstatement in the parent company financial statements or a misstatement of the other information. 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 Report of the Directors for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified any matters in the Report of the Directors that are inconsistent with our overall view of the parent company 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
 - 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; or
 - the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors



As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the directors are responsible for the preparation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the parent company financial statements, the directors are responsible for assessing 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 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 parent company 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 parent company 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:

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

Audit response to the risks identified

As noted above, we identified management override as the matter that would most likely be susceptible to fraud. Our procedures to respond to this risk included the following:

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Detailed review of journal entries in the period.



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;
- Reviewing expenses codes for any items not allowable for the tax computations;
- Being cognisant of any potential indicators of employment disputes;

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

- Review of correspondence between the entity and the AIM.

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 parent company 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: 22 October, 2023





CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Revenue from contracts with customers	3	3,046,496	2,272,683
Other income	4	408,756	596,765
Interest revenue calculated using the effective interest method		46	12
Expenses			
Hosting fees and other direct costs		(791,668)	(775,290)
Employee benefits expense	5	(2,367,385)	(2,191,308)
Occupancy expense		(34,411)	(29,338)
Depreciation and amortisation expense		(117,302)	(166,797)
Other expenses		(593,297)	(897,103)
Finance costs		(16,819)	(14,398)
Loss before income tax expense		(465,584)	(1,204,774)
Income tax expense	8	(132,566)	4,081
Loss after income tax expense for the year		(598,150)	(1,200,693)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share option reserve		54,601	59,048
Foreign currency translation		(17,257)	(77,879)
Other comprehensive income for the year, net of tax		37,344	(18,831)
Total comprehensive income for the year		(560,806)	(1,219,524)
Loss for the year is attributable to:			
Non-controlling interest		-	-
Owners of Cordel Group plc		(598,150)	(1,200,693)
		(598,150)	(1,200,693)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Cordel Group plc		(560,806)	(1,219,524)
		(560,806)	(1,219,524)
		Pence	Pence
Basic earnings per share	10	(0.30)	(0.70)
Diluted earnings per share	10	(0.30)	(0.70)

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 2023

	Note	2023	2022
		£	£
Non-current assets			
Goodwill	11	1,223,403	1,223,403
Right of use asset	12	28,858	98,843
Property, plant and equipment	13	73,872	132,478
Deferred tax asset		84,069	234,842
Total non-current assets		<u>1,410,202</u>	<u>1,689,566</u>
Current assets			
Inventories	15	143,781	246,940
Trade and other receivables	16	1,985,957	1,309,395
Cash and cash equivalents		1,283,463	339,665
Total current assets		<u>3,413,201</u>	<u>1,896,000</u>
Non-current liabilities			
Lease Liabilities	22	-	62,392
Deferred tax		2,031	5,151
Total non-current liabilities		<u>2,031</u>	<u>67,543</u>
Current liabilities			
Trade and other payables	17	662,160	580,240
Employee benefits		194,146	157,584
Unearned Income		133,290	-
Lease Liabilities	22	32,700	44,927
Total current liabilities		<u>1,022,296</u>	<u>782,751</u>
Net current assets		<u>2,390,905</u>	<u>1,113,249</u>
Total assets less current liabilities		<u>3,801,107</u>	<u>2,802,815</u>
Net assets		<u>3,799,076</u>	<u>2,735,272</u>
Equity			
Share capital	18	1,994,886	1,704,272
Share premium account	18	10,856,854	9,525,617
Other reserves	19	2,437,108	2,399,764
Accumulated losses		(11,489,772)	(10,894,381)
Total equity		<u>3,799,076</u>	<u>2,735,272</u>

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



**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2023 (continued)**

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 24 October 2023.

They were signed on its behalf by:

Ian Buddery
Chairman

24 October 2023

John Davis
Director



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital	Share premium account	Other reserves	Accumulated losses	Total equity
	£	£	£	£	£
Balance at 1 July 2021	1,687,661	9,520,634	2,418,596	(9,784,991)	3,841,900
Loss after income tax expense for the year	-	-	-	(1,200,693)	(1,200,693)
Other comprehensive income for the year, net of tax	-	-	(18,832)	4,330	(14,502)
Prior year adjustment				86,973	86,973
Total comprehensive income for the year	-	-	(18,832)	(1,109,390)	(1,128,222)
Share issue	16,611	4,983	-	-	21,594
Balance at 30 June 2022	1,704,272	9,525,617	2,399,764	(10,894,381)	2,735,272

❖ 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 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	-	-	37,344	(595,391)	(558,047)
Share issue	290,614	1,331,237	-	-	1,621,851
Balance at 30 June 2023	1,994,886	10,856,854	2,437,108	(11,489,772)	3,799,076



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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss before income tax expense for the year		(465,584)	(1,204,774)
Adjustments for:			
Depreciation and amortisation		117,302	166,797
Loss/(Gain) on disposal of equipment		(36,423)	11,880
Foreign exchange differences		15,136	(5,436)
Share option reserve		57,360	65,378
Interest received		(46)	(12)
Interest and other finance costs		16,819	14,398
		<u>(295,436)</u>	<u>(951,769)</u>
Change in operating assets and liabilities:			
Decrease/(increase) in inventories		103,159	(56,787)
Decrease/(increase) in trade and other receivables		(676,561)	(277,663)
(Decrease)/increase in trade and other payables		81,920	240,056
(Decrease)/increase in other liabilities		169,852	20,346
		<u>(617,066)</u>	<u>(1,025,817)</u>
Interest received		46	12
Interest and other finance costs paid		(12,133)	(3,464)
Net cash used in operating activities		<u>(629,153)</u>	<u>(1,029,269)</u>
Cash flows from investing activities			
Proceeds from disposal of fixed asset		69,422	12,491
Payments for plant and equipment		(60,809)	(160,240)
Net cash used in investing activities		<u>8,613</u>	<u>(147,748)</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,725,066	21,595
Cash payments for leases		(37,650)	(50,732)
Interest on lease payments		(4,685)	(10,934)
Transaction costs on issue of shares		(103,214)	-
Net cash from financing activities		<u>1,579,517</u>	<u>(40,071)</u>
Net (decrease)/increase in cash and cash equivalents		958,977	(1,217,088)
Cash and cash equivalents at the beginning of the financial year		339,665	1,538,150
Effects of exchange rate changes on cash and cash equivalents		(15,179)	18,603
Cash and cash equivalents at the end of the financial year		<u>1,283,463</u>	<u>339,665</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 pound 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 the 12 months and one 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Pound Sterling, which is Cordel Group plc's functional currency.

Foreign currency transactions

Foreign currency transactions are translated into Pound 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 Pound Sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound 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 recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. Revenue is not recognised in line with when the revenue is received. Revenue is received prior to the delivery of a good or service.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.



NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 years straight line
Furniture and fixtures	2 years straight line
Leasehold improvements	4 years straight line
Flight equipment	2 years straight line
Motor vehicles	8 years diminishing value

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

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.

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 Strategic Business and Financial Plan prepared by the Management Team for the next 2-3 years. Based on those assumptions and forecasts, the Directors believe that at this stage the Goodwill from the Corridor Holdings acquisition (previously Airsight Holdings) has an indefinite life.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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.

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 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 ('VAT')/Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST 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 VAT/GST receivable or payable. The net amount of VAT/GST 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 VAT/GST 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 VAT/GST 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 10 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.

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 terms 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

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 Binomial or 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. Refer to note 32 for valuation model inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3. REVENUE

Segmental analysis

Identification of reportable operating segments



The Group operates in one segment being provision of data integration 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 are therefore not duplicated. Given the research and development expenditure for all types of product, the board have determined that reportable operating segments would be too difficult to determine.

Major customers

There are 3 customers contributing external revenue of more than 10% amounting to £1,123,449, £968,782 and £576,671 (2022: 3 customers amounting to £468,343, £460,240 and £392,951).

Revenue by geographical area

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

	2023	2022
	£	£
United Kingdom	1,545,453	976,650
Australia/New Zealand	318,412	937,852
United States of America	1,182,631	135,542
Canada	-	51,741
Asia	-	170,898
	<hr/>	<hr/>
Total revenue	<u>3,046,496</u>	<u>2,272,683</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Contract revenue by product

2023	2022
£	£



Airsight	-	329,343
Nextcore	117,867	438,197
Cordel	2,928,629	1,505,143
	<u>3,046,496</u>	<u>2,272,683</u>

NOTE 4. OTHER INCOME

	2023	2022
	£	£
Government grants and rebates	372,172	587,934
Other income	36,584	8,831
	<u>408,756</u>	<u>596,765</u>

NOTE 5. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

Total staff costs were as follows:

	2023	2022
	£	£
Wages	2,098,081	1,899,045
Social security costs	68,477	88,503
Other pension costs	143,468	138,383
Share-based payments	57,359	65,377
	<u>2,367,385</u>	<u>2,191,308</u>

Included in other creditors at the period end there was unpaid pension costs of £9,465 (2022: £10,853).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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



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

	2023	2022
Sales and marketing	4	5
Technical	17	23
Finance and administration	6	3
Average number of employees	<u>27</u>	<u>31</u>

Details of directors' remuneration is set out below:

The total remuneration in respect of the year ended 30 June 2023 and paid to each director who held office during the year as follows:

	Salary and fees	Share option charge	Bonus	Post- employ ment benefits	2023	2022
	£	£	£	£	£	£
Non-Executive Directors:						
Ian Buddery	67,039	-	-	-	67,039	66,264
Jonathan Macleod	32,612	-	-	4,546	37,158	35,946
Nicholas McInnes	35,750	-	-	-	35,750	38,195
Executive Directors:						
Aaron Hoye	89,188	-	-	9,365	98,553	17,549
Nicholas Smith	67,415	-	-	-	67,415	112,423
John Davis	57,664	1,347	-	1,397	60,408	39,140
Robert Lojczyk	56,924	-	-	5,977	62,901	88,651
Thouraya Walker	22,500	397	-	1,125	24,022	-
Total directors' remuneration	<u>429,092</u>	<u>1,744</u>	<u>-</u>	<u>22,410</u>	<u>453,246</u>	<u>398,168</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Number of directors accruing benefits under money purchase schemes in respect of qualifying services were four (2022: four).

No directors exercised share options in the year ended 30 June 2023 (2022: one).

NOTE 6. EBITDA RECONCILIATION (EARNINGS BEFORE INTEREST EXPENSE, TAXATION, DEPRECIATION AND AMORTISATION)

	2023	2022
	£	£
EBITDA reconciliation		
Loss before income tax	(465,584)	(1,204,774)
Less: Interest revenue	(46)	(12)
Add: Interest expense	16,819	14,398
Add: Depreciation and amortisation	117,302	166,797
EBITDA	<u>(331,509)</u>	<u>(1,023,591)</u>

Underlying EBITDA represents EBITDA adjusted for significant, unusual and other one-off items.

	2023	2022
	£	£
Underlying EBITDA reconciliation		
EBITDA and Underlying EBITDA	<u>(331,509)</u>	<u>(1,023,591)</u>

The financial statements include both the statutory financial statements and additional performance measures of EBITDA and Underlying EBITDA. The directors believe these additional measures provide useful information on the underlying trend in operational performance going forward without these unusual and other one-off items.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7. LOSS BEFORE TAX

Loss before income tax stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	84,824	118,976
Depreciation - right of use assets	32,478	47,821
Profit/loss on disposal of property, plant and equipment	(36,423)	8,465
Fees attributable to the auditors of the parent company		
- audit of the group	72,000	40,000
- other services	1,819	6,896

NOTE 8. INCOME TAX

	2023	2022
	£	£
<i>Income tax expense</i>		
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	132,566	4,081
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(465,584)	(1,204,774)
Tax at the statutory tax rate of 23% (2022: 23%)	(86,161)	(270,330)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8. INCOME TAX (continued)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Research and development expenditure, net of tax credits	115,025	180,546
Income not taxable	-	(8,952)
Capital allowances in excess of depreciation	(2,533)	(3,688)
Other items	8,209	11,325
Current year tax losses not recognised	98,026	87,018
	<hr/>	<hr/>
Income tax expense	132,566	(4,081)
	<hr/> <hr/>	<hr/> <hr/>

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% (2022: 25%), United Kingdom 19.0% (2022: 19.0%), United States of America 21.0% (2022: 21.0%).

	2023	2022
	£	£
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	3,013,644	2,334,006
	<hr/>	<hr/>
Potential deferred tax asset at domestic tax rates applicable in the countries concerned	572,592	443,461
	<hr/>	<hr/>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8. INCOME TAX (continued)

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. A deferred tax asset has been recognised on losses which are expected to reverse of £101,148.

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

NOTE 9. DIVIDENDS

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

NOTE 10. EARNINGS PER SHARE

	2023	2022
	£	£
Loss after income tax	(598,150)	(1,200,693)
Non-controlling interest	-	-
	<hr/>	<hr/>
Loss after income tax attributable to the owners of Cordel Group plc	(598,150)	(1,200,693)
	<hr/> <hr/>	<hr/> <hr/>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	199,488,614	170,427,186
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	199,488,614	170,427,186
	<hr/> <hr/>	<hr/> <hr/>
	Pence	Pence
Basic earnings per share	(0.30)	(0.70)
Diluted earnings per share	(0.30)	(0.70)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 11. GOODWILL

	2023 £	2022 £
Goodwill	1,223,403	1,223,403
	<u>1,223,403</u>	<u>1,223,403</u>

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

NOTE 12. RIGHT TO USE ASSET

	2023 £	2022 £
Right of Use Assets	168,937	212,111
Less: Accumulated depreciation	<u>(140,079)</u>	<u>(113,268)</u>
	<u>28,858</u>	<u>98,843</u>

The £168,937 right of use assets represents the costs of prior year assets brought forward, additions of £1,991 and disposals of £45,165. The £140,079 depreciation represents accumulated depreciation brought forward, £32,478 of depreciation charged in the year, accumulated depreciation disposed of £12,975, 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 5 years ending 29 May 2024. There is no option to purchase and there are no variable payments.

Cost b/fwd	Additions	Disposals	Depreciation b/fwd	Depreciation	Eliminated	Exchange	Carrying amount c/fwd
212,111	1,991	(45,165)	(113,268)	(32,478)	12,975	(7,308)	28,858



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Office equipment £	Furniture and fixtures £	Motor Vehicles £	Flight equipment £	R&D assets £	Total £
Balance at 30 June 2022	10,571	23,128	43,400	7,741	44,154	3,484	132,478
Additions	2,105	4,699	-	-	43,224	8,790	58,818
Disposals	-	(16,620)	(657)	(10,376)	(157,554)	(5,956)	(191,163)
Exchange differences	(398)	(379)	1,511	(224)	(269)	(256)	(15)
Depreciation disposed	-	14,178	60	7,398	132,037	4,905	158,578
Depreciation expense	(5,542)	(11,228)	(30,433)	(1,291)	(32,095)	(4,235)	(84,824)
Balance at 30 June 2023	6,736	13,778	13,881	3,248	29,497	6,732	73,872

Non-current assets by geographical location

All property plant and equipment is located in Australia other than office equipment with a net book value of £1,035 and Cordel units of £9,655 which are located in the United Kingdom and equipment with a net book value of £2,060 and Cordel units of £2,176 which are located in the United States of America.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 14. INTERESTS IN SUBSIDIARIES

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

Name	Address and country of incorporation	Holding %
Maestrano Pty Ltd	2/2 Frost Drive, Mayfield West NSW 2304, Australia	100%
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	2/2 Frost Drive, Mayfield West NSW 2304, Australia	100%
Cordel Pty Ltd	2/2 Frost Drive, Mayfield West NSW 2304, Australia	100%
Airsight Australia Pty Ltd	2/2 Frost Drive, Mayfield West NSW 2304, Australia	100%

NOTE 15. INVENTORIES

	2023	2022
	£	£
Inventories	143,781	246,940
	<hr/>	<hr/>
	143,781	246,940
	<hr/> <hr/>	<hr/> <hr/>

The amount of inventories expensed during the period was £284,524 (2022: £400,694).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 16. TRADE AND OTHER RECEIVABLES

	2023	2022
	£	£
Trade receivables	1,389,987	640,598
R&D tax offset refundable	332,021	554,413
Prepayments	242,250	114,384
Other receivables	21,698	-
	1,985,956	1,309,395
	1,985,956	1,309,395

Allowance for expected credit losses

The Group has recognised a loss of £nil (2022: £nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023. 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	
	2023	2022	2023	2022	2023	2022
	%	%	£	£	£	£
Not overdue	-	-	1,314,566	540,280	-	-
0 to 3 months overdue	-	-	75,421	100,318	-	-
3 to 6 months overdue	-	-	-	-	-	-
Over 6 months overdue	-	-	-	-	-	-
			1,389,987	640,598	-	-
			1,389,987	640,598	-	-

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 as it was deemed immaterial.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 17. TRADE AND OTHER PAYABLES

	2023	2022
	£	£
Trade payables	240,697	386,381
Accrued expenses	314,960	151,498
Other payables	106,503	42,361
	<u>662,160</u>	<u>580,240</u>

Refer to note 21 for further information on financial instruments.

There were no contract liabilities as at 30 June 2023 or 30 June 2022.

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 is 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 18. CALLED UP SHARE CAPITAL

	2023	2022	2023	2022
	Shares	Shares	£	£
Ordinary shares of £0.01 each – issued and fully paid	199,488,614	170,427,186	1,994,886	1,704,272

During the year the company issued 29,061,428 ordinary £0.01 shares with a total nominal value of £290,614. Total consideration of £1,624,851 was received which resulted in a share premium of £1,331,237.

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 19. 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:

	2023	2022
	£	£
Foreign currency reserve	361,471	378,728
Share option reserve	185,797	131,196
Capital reorganisation reserve	1,889,840	1,889,840
	<u>2,437,108</u>	<u>2,399,764</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, and other parties as part of their compensation for services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 19. RESERVES (continued)

Capital reorganisation reserve

The Group is a continuation of the original Maestrano Pty Limited group. Cordel Group plc has therefore 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 is used to recognise the difference between the shares issued to affect the transaction (£200,000) and the share capital acquired (£2,089,840).

NOTE 20. 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 £57,359 (2022: £65,378).

The fair value of the options granted was calculated using the Black Scholes Model with the below inputs:

Date granted	Fair value £	Weighted average share price £	Exercise price £	Expected volatility	Risk-free interest rate	Vesting period years
01/07/2019	0.00369	0.01	0.013	50%	1.0%	2
01/07/2019	0.00449	0.01	0.013	50%	1.0%	3
13/03/2020	0.00863	0.01	0.020	80%	0.5%	2
17/04/2020	0.00563	0.01	0.018	80%	0.5%	1
04/05/2020	0.00979	0.01	0.019	80%	0.5%	3
03/11/2020	0.04879	0.01	0.100	75%	0.5%	3
24/11/2020	0.04879	0.01	0.100	75%	0.5%	3
10/08/2021	0.03922	0.01	0.125	45%	1.0%	3
30/11/2021	0.04416	0.01	0.125	50%	1.0%	3
20/07/2022	0.00150	0.01	0.125	35%	2.0%	2
20/07/2022	0.00590	0.01	0.083	35%	2.0%	4.5
11/11/2022	0.01770	0.01	0.070	47%	3.0%	2
17/03/2023	0.02760	0.01	0.083	47%	3.0%	5
03/04/2023	0.02680	0.01	0.063	45%	3.0%	5
26/04/2023	0.02300	0.01	0.0675	45%	3.0%	3
24/05/2023	0.02000	0.01	0.060	45%	3.0%	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 20. SHARE-BASED PAYMENTS (continued)

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:

	2023		2022	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	11,703,611	0.041	12,964,722	0.038
Granted	4,120,000	0.077	400,000	0.125
Exercised	(490,000)	0.018	(1,661,111)	0.012
Forfeited	(333,333)	0.010	-	-
Outstanding at end of year	<u>15,000,278</u>	<u>0.035</u>	<u>11,703,611</u>	<u>0.041</u>
Exercisable at end of year	<u>11,202,539</u>	<u>0.021</u>	<u>9,487,629</u>	<u>0.041</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.30 (2022: 1.77 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 due.

NOTE 21. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 21. FINANCIAL INSTRUMENTS (continued)

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 £1,271,982 as at 30 June 2023 (2022: £972,548). 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 profit before tax for the year would have been £127,198 lower / £127,198 higher (2022: £97,255 lower / £97,255 higher). The actual foreign exchange loss for the year ended 30 June 2023 was £15,136 (2022: gain of £5,436).

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. Most of the cash and cash equivalents are held in banks in the UK where the current interest rate is negligible and unlikely to fluctuate in the foreseeable future.

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.

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 2023 and 2022. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 21. FINANCIAL INSTRUMENTS (continued)

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
2023	£	£	£	£	£
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	240,697	-	-	-	240,697
Other payables	106,503	-	-	-	106,503
Total non-derivatives	347,200	-	-	-	347,200

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2022	£	£	£	£	£
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	386,381	-	-	-	386,381
Other payables	15,518	-	-	-	15,518
Total non-derivatives	401,899	-	-	-	401,899

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 22. LEASES

Lease liabilities

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

	2023	2022
	£	£
0-1 Year	32,700	44,927
1-5 Years	-	62,392
	<u>32,700</u>	<u>107,319</u>

Included within current liabilities is a lease liability of £32,700 (2022: £44,927). Included within non-current liabilities is a lease liability of £Nil (2022: £62,392).

As at 30 June 2023 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 £37,650 and the interest expense for leasing arrangements was £4,685 (2022: £10,934).

NOTE 23. 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 2023 were £67,039 (2021: £66,264) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)



NOTE 24. EVENTS AFTER THE REPORTING PERIOD

No matter of circumstance has arisen since 30 June 2023 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 2023

	Note	2023	2022
		£	£
Non-current assets			
Investments	2	1,058,993	986,419
Total non-current assets		<u>1,058,993</u>	<u>986,419</u>
Current assets			
Trade and other receivables	3	2,513,599	2,990,349
Cash and cash equivalents		1,116,178	5,546
Total current assets		<u>3,629,777</u>	<u>2,995,895</u>
Current liabilities			
Trade and other payables	4	2,154,892	113,000
Total current liabilities		<u>2,154,892</u>	<u>113,000</u>
Net current assets		<u>1,474,885</u>	<u>2,882,895</u>
Total assets less current liabilities		<u>2,533,878</u>	<u>3,869,314</u>
Net assets		<u>2,533,878</u>	<u>3,869,314</u>
Equity			
Share capital	5	1,994,886	1,704,272
Share premium account	5	10,856,854	9,525,617
Other reserves	6	241,209	229,760
Accumulated losses	6	(10,559,071)	(7,590,335)
Total equity		<u>2,533,878</u>	<u>3,869,314</u>

The Company has taken advantage of the exemption under Section 408 of the Companies Act from presenting its own profit and loss account. The loss for the year to 30 June 2023 amounted to £2,971,495 (2022: £524,407).

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 24 October 2023.

They were signed on its behalf by:

Ian Buddery
Chairman
24 October 2023

John Davis
Director
24 October 2023



**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital	Share premium account	Other reserves	Accumulated losses	Total equity
	£	£	£	£	£
Balance at 1 July 2021	1,687,661	9,520,634	31,769	(7,072,258)	4,167,806
Loss after income tax expense for the year	-	-	-	(524,407)	(524,407)
Foreign currency translation	-	-	138,943	-	138,943
Share option charge	-	-	59,048	6,330	65,378
Total comprehensive income for the year	-	-	197,991	(518,077)	(320,086)
Share issue	16,611	4,983	-	-	21,594
Balance at 30 June 2022	1,704,272	9,525,617	229,760	(7,590,335)	3,869,314

	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	-	-	54,600	2,759	57,359
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	1,994,886	10,856,854	241,209	(10,559,071)	2,533,878



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 35 to 44.

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.

	2023	2022
	£	£
Investment in Corridor Holdings Pty Ltd – 100% of issued capital held	1,001,249	986,419
Investment in Cordel Ltd – 100% of issued capital held	5,570	-
Investment in Cordel Technology Inc. - 100% of issued capital held	52,174	
	<u>1,058,993</u>	<u>986,419</u>

A full list of the subsidiaries controlled by the Company is disclosed in note 14 to the consolidated financial statements.



NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 3. TRADE AND OTHER RECEIVABLES

	2023	2022
	£	£
Receivable from controlled entities	2,453,772	2,947,426
Prepayments	47,773	37,866
Other receivables - representing VAT/GST	12,054	5,057
	<u>2,513,599</u>	<u>2,990,349</u>

Interest is being charged on loans between the Australian entities at 5%. Loans between other group entities and between Australian and non-Australian group entities are interest free. The receivables from controlled entities are repayable on demand. A receivable balance of £2,462,581 due from Corridor Holdings Pty Ltd was written off in the year. 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.

NOTE 4. TRADE AND OTHER PAYABLES

	2023	2022
	£	£
Trade payables	63,096	23,000
Payable to controlled entities	1,972,281	-
Accrued expenses	119,515	90,000
	<u>2,154,892</u>	<u>113,000</u>



NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 5. SHARE CAPITAL

	2023	2022	2023	2022
	Shares	Shares	£	£
Ordinary shares of £0.01 each – issued and fully paid	199,488,614	170,427,186	1,994,886	1,704,272

During the year the company issued 29,061,428 ordinary £0.01 shares with a total nominal value of £290,614. Total consideration of £1,624,851 was received which resulted in a share premium of £1,331,237.

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 since to date its incorporation.

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

Other reserves in the balance sheet comprise the following:

	2023	2022
	£	£
Foreign currency reserve	55,413	98,564
Share option reserve	185,796	131,196
	<u>241,209</u>	<u>229,760</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:

	2023	2022
	£	£
Current receivables:		
Loans to commonly controlled entity	4,916,353	2,947,426
Amounts written off in the year	(2,462,581)	-
	<u>2,453,772</u>	<u>2,947,426</u>
Current payables:		
Loans from commonly controlled entity	1,972,281	-

Interest is being charged between the Australian entities at 5%. Loans between other group entities and between Australian and non-Australian group entities are interest free. The receivables from controlled entities are repayable on demand. Details of related party transactions are provided in note 23 to the consolidated financial statements.

A receivable balance of £2,462,581 due from Corridor Holdings Pty Ltd was written off in the year. 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.

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 £34,274 (2022: £37,220). An adjustment has been made in the current year resulting in a credit to the share-based payment expense of £49,485 and debit to investments in subsidiaries for the same amount. This is due to the fact that all share option charges were recognised in the parent entity, Cordel Group plc, but are now appropriately recognised within the different entities where the relevant employees are employed.

NOTE 9. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.