

ASX ANNOUNCEMENT

CODE: SRJ



22 May 2023

SRJ secures Exclusive Multi Year License Agreement with EFTECH in Malaysia

Highlights:

- SRJ agrees terms for an Exclusive License Agreement (ELA) with EFTECH to represent all SRJ products and services in Malaysia
- ELA is for minimum of 3 years (with option to extend for a further 6 years) and includes an upfront license payment and initial procurement of inventory of SRJ products worth A\$874k (US\$580k). Under the ELA EFTECH must maintain minimum inventory level to the value of A\$656k (US\$435k)
- The cumulative revenue from EFTECH deal is A\$1,100k (US\$730k), which also includes the increase of the previously announced PTTEP order (4 May 2023)
- EFTECH's ELA represents SRJ's first geographic exclusivity license deal for its patented technology and first million dollar plus (A\$) distribution partnership
- Product purchase order received totalling A\$874k (US\$580k) which includes an amount for stock replenishment due to known opportunities for EFTECH to sell BoltEx®
- Initial EFTECH procurement will be majority fulfilled (approx. 75%) from existing manufactured inventory held by SRJ
- Based on EFTECH sales projections, additional redraw of SRJ products is expected to occur in Q3/Q4 CY23 to maintain minimum volume requirements under the ELA

SRJ Technologies (ASX:SRJ; "SRJ" or "the Company") is pleased to announce the signing of an ELA with EFTECH International SDN BHD ("EFTECH") for SRJ products and services for the Malaysian region.

EFTECH has a strong history and client base in the Malaysian region for provision of services to the Oil & Gas industry including process and pipeline services, asset integrity services and bolt exchange opportunities (hot-bolting and cold-bolting campaigns). Malaysia is one of the vital oil and gas producers in Asia-Pacific. As of January 2020, Malaysia held proven oil reserves of 3.6 billion barrels with the sector contributing around 20% to the Region's annual GDP⁽¹⁾. EFTECH will represent all SRJ products and services for the region under this ELA.

The ELA incorporates EFTECH acquiring a supply of BoltEx® Product to sell/rent to its existing customer base across the entire region of Malaysia. Total product value to be acquired initially under this agreement is A\$874k(US\$580k) and a purchase order has been received. This will be fulfilled from existing manufactured inventory except for approximately 25% of the order which does not form part of SRJ's more standard sizes held. Further inventory replenishments to maintain the minimum stock level valued are expected in Q3/Q4 CY23 based on EFTECH's sales projections. At this stage the Company cannot quantify the value of that product.

The previously announced (4 May 2023) 3-year contract to supply PTTEP through EFTECH will stand and the initial purchase order for A\$224k (US\$149k) received from EFTECH, which increased from the announced A\$154k (US\$102k), now falls under this ELA. As a result, the cumulative revenue to be received from EFTECH in the coming weeks will be A\$1,100k (US\$730k). All future orders with PTTEP will be fulfilled from the stock held by EFTECH and then replenished through SRJ. EFTECH will also share the revenues generated from any rental of the SRJ BoltEx® products with SRJ at a rate split of 90%/10% in favour of EFTECH.

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SRJ CEO, Alexander Wood said “We are delighted to partner with EFTECH to bring our innovative product and service solutions to Malaysia. This Agreement is a testament to our commitment to expanding our global presence and delivering value to customers in new markets. With this key relationship we will look to further solidify commercial cooperation for SRJ products and services in this key territory. We believe that EFTECH’s extensive market knowledge and strong local presence will drive our success in Malaysia.”

“Alongside previously announced geographic sales in key energy markets this Agreement is of particular significance as it displays the increasing commercial traction achieved through SRJ’s refined business model focussing on key partnerships. SRJ will look to build on such Licensing agreements in other key territories.”

About EFTECH

www.eftech.com.my

EFTECH have 20 years of providing integrated services during exploration, drilling, construction, pre-commissioning, commissioning and production. Today, EFTECH are the leading provider of integrated services to the energy industry throughout Asia Pacific, Australia and the UK. With over 800 projects successfully completed, we are continuing to develop our capability further, and where appropriate, we have created strategic alliances to enable us to achieve our growth targets. We have a proven track record of integrating aspects of our service offering, deploying our own assets and personnel to create value to our customers.

Material items of the ELA have been disclosed above in respect of the monetary amounts. The duration of the ELA is an initial duration of 3 years with a further two 3-year options / extensions for exclusivity that can be agreed 6 months prior to expiration of the ELA. Exclusivity includes the rights to promote, sell and rent/hire SRJ products and services to EFTECH approved customers in the permitted region of Malaysia.

The ELA will terminate upon completion of the 3 years or earlier if either party breaches any terms of the ELA or suffers an insolvency event. A ‘First Rights Option’ exists for EFTECH for 6 months after the date of signing of the ELA to request an exclusive license for the following territories - Singapore, Thailand, Philippines, Indonesia and Vietnam. The license fee is for the nominal sum of A\$1.5k (US\$1k).

- Ends -

Investor Inquiries

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This announcement has been authorised for release by the CEO.

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ABOUT SRJ TECHNOLOGIES

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

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

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

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

⁽¹⁾ <https://www.mordorintelligence.com/industry-reports/malaysia-oil-and-gas-market>

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