

ASX ANNOUNCEMENT

CODE: SRJ



28 July 2023

Quarterly Activities Report for the Period Ended 30 June 2023

SRJ Technologies Group Plc (ASX: SRJ; “SRJ”, or the “Company”) is pleased to present its Quarterly Activities Report for the period ended 30 June 2023 (“Quarter”, “Reporting Period”), in what has been a strong quarter for the Company.

Key Highlights

- Cash receipts in quarter of £603k (A\$1.1m) increased by 144% compared to the previous quarter which is SRJ best performing quarter to date
- Revenues secured for 2023 up to the release date of this report total £1.2m (A\$2.3m) which already exceeds prior year total revenues by 35%
- SRJ agreed terms for an Exclusive License Agreement (ELA) with EFTECH to represent SRJ in Malaysia, cumulative revenue from the deal is £571k (A\$1.1m) to date
- Secured order from MovementTrade for the sale of BoltEx® for £198k (A\$376k)
- Secured purchase order from Trident BMC LLC for the sale of BoltEx® for A\$167k (£88k)
- SRJ Consulting Project extension for asset integrity scope for a leading FPSO operator A\$51k (£28k)
- On-going discussions to replicate licensing deal in other territories

Overview

A solid performance for Q2 CY23 driven by the EFTECH’s Exclusive License agreement (“ELA”) that represents SRJ’s first geographic exclusivity license deal for its technology and first million dollar plus (A\$) distribution partnership.

The Company is actively looking to replicate this license agreement in other key territories to drive revenue opportunities.

Consulting continues to be a relevant offering of SRJ and positions our brand as industry expert in technical advisory projects which builds trust and yields collateral opportunities with repeat customers. The sales cycle is slower by the nature of this offering compared to the product offering, and efforts are being made to drive growth in this area.

SRJ remain alert to acquisition opportunities as part of its strategic targets.

Head Office

Ph: +44 (0) 1534 626 818
Le Quai House, Le Quai D’Auvergne,
St Helier, Jersey JE2 3TN
ARBN: 642 229 856 - a limited liability company incorporated in Jersey

Australia

Ph: +61 8 6162 6199
Level 25, 108 St Georges Tce, Perth
Western Australia 6000

UK

Ph: +44 (0) 2382 549 818
U2, Waterside House, Port Hamble
Satchell Lane, Hamble, Southampton SO31

ASX ANNOUNCEMENT

CODE: SRJ



Malaysian Licensing Agreement - EFTECH

The ELA, announced on 22 May 2023, has progressed with vigour, with product shipped and cash received to the sum of A\$692k (£361k) in short order. Opportunities with EFTECH clients have already been converted which will further drive stock replenishment activities between EFTECH and SRJ. The CEO and Head of SRJ's Australian operations visited EFTECH's Malaysian operations at the start of July as part of an SRJ roadshow to drive revenue generating opportunities in the region and to cement the partnership further.

Part of the ELA involved a 10% profit share for SRJ on any rental revenues for BoltEx[®] generated by EFTECH. We expect such opportunities to commence in Q3 2023.

West Africa

With Q2 CY23 orders in West Africa totalling A\$543k (£286k) SRJ continues to see interest in the provision of its flange bolt integrity equipment, BoltEx[®].

SRJ secured the first order with Trident BMC LLC for the provision of BoltEx[®] flange clamps. Trident BMC completed SRJ BoltEx[®] training enabling their own personnel to carry out the hot bolting work scopes for their customers, enriching Trident BMC's service offering going forward.

SRJ has also secured a sale of one BoltEx[®] flange clamp by MovementTrade as a proof of concept, which consequently led to an order of 40 BoltEx[®] clamps of various sizes and pressure classes totalling £198k (A\$376k) of which 40% of the value has been received by SRJ as at the date of this report.

The BoltEx[®] solution will enable both MovementTrade and Trident to support asset operators in mitigating the environmental challenges surrounding the integrity of flanges in pressurised piping systems.

Other Wins/Opportunities

- Exhibition in Middle East – (Al Jubail, Saudi Arabia), May 2023 - SRJ attended a two-day Asset Integrity and Process Safety exhibition in collaboration with its partner ZOMCO. SRJ-ZOMCO booth gathered great interest and positive response from local as well as international customers. Direct engagement with the maintenance leads and shutdown management teams resulted in significant exposure of SRJ BoltEx[®] flange clamp solution, leading to several specific enquiries and opportunities for the broader range of SRJ services. SRJ continues to work closely with ZOMCO to convert these opportunities.
- Work being undertaken in conjunction with EFTECH to get BoltEx[®] product on the Petronas iGAP System for universal approval and acceptance across all Malaysian Assets

Asset Integrity Consulting and Business Development

The SRJ Consulting group has won an extension order to the API 14C reliability methodology development project worth A\$51k. This extension reflects the close working relationship between SRJ Consulting and the client team after over a year of collaborative delivery. SRJ Consulting has the following active proposals pending client decisions:

ASX ANNOUNCEMENT

CODE: SRJ



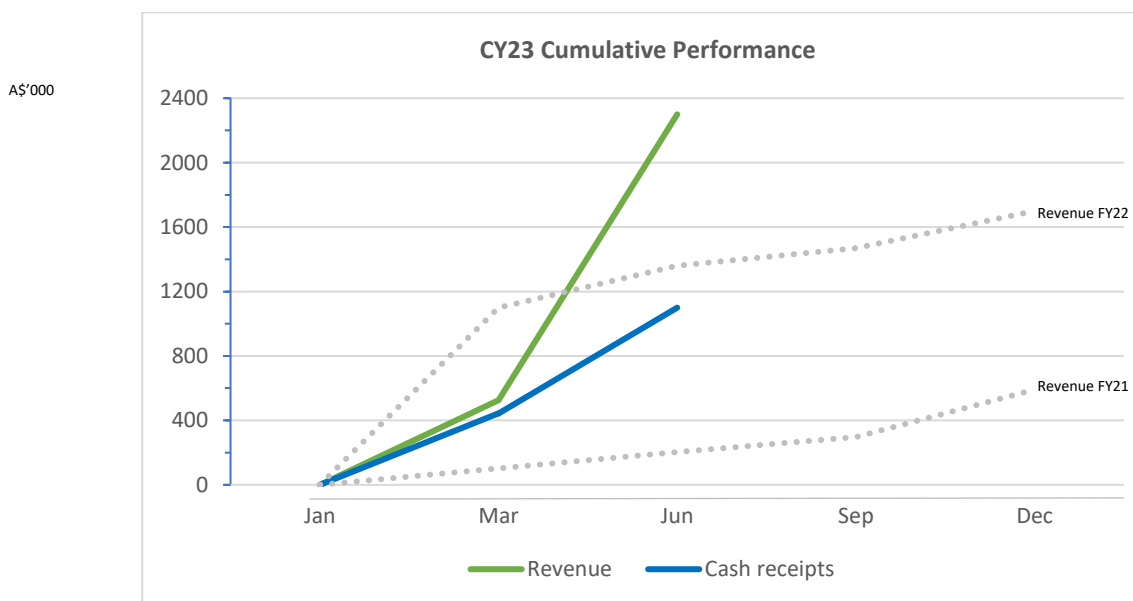
- Delivery of API 14C device reliability methodology for a new FPSO
- Delivery of PSV integrity program for a new FPSO
- Facilitation of an asset integrity management review workshop for a major operator

SRJ Consulting continues to promote its capabilities and experience via its website and social media marketing initiatives. This promotion includes informing the market of our expertise in renewables, such as offshore substation design and mitigating risks during CO2 pipeline design and repurposing.

The consulting team continues to deliver ongoing projects, including the NowCo subsea desalination solution, and supports the SRJ engineering team in developing future solutions.

Financial Performance

During the Quarter, cash receipts of £603k (A\$1.1m) increased by 144% compared to the previous quarter £247k (A\$443k). Cash flows used in operating activities were also positive for the first time with a net inflows of £72k (A\$137k) compared to the previous quarters cash outflow position of £265k (A\$471k).



The Company is continually considering ways to implement cost saving measures and has implemented further restructure of fixed costs in the quarter enabling it to reduce operating costs by A\$1m p.a. (includes previously reported A\$605k on 31 Jan 2023) in a company-wide push towards profitability.

The amount in 6.1 includes wages and some travel expenses for the CEO and Managing Director Europe ME and Africa. The Non-Executive Director agreed to suspend payment of fees for an unspecified time but these continue to be accrued.

ASX ANNOUNCEMENT

CODE: SRJ



Corporate

During the quarter the Company issued 10,500,000 CDI's as part of a conversion of the convertible note facility debt to Mercer Street Global Opportunities Fund LLC. At quarter end outstanding face value of drawn down debt stood at £568k (A\$1.1m).

The Company is presently evaluating its short to medium term working capital requirements and the Board intends to update the market shortly on the balance of debt and undrawn balance of the convertible facility.

In Q1 CY23 SRJ reported that funds owed from one client totalled approx. £240k (A\$447k) and this has been reduced during Q2 CY23 by £113k (A\$212k). The Company has had assurances that the remaining balance will be settled in full next month.

- Ends -

Investor Inquiries

Alexander Wood
CEO, SRJ Technologies
info@srj-technologies.com

This announcement has been authorised for release by the Board.

ABOUT SRJ TECHNOLOGIES

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

We see real value in offering a wider range of asset integrity consulting services helping our customers to better understand the operational risks and where best to focus resource to minimise these risks. SRJ's range of industry accredited products are designed to maintain and assure the integrity of pressure containment systems and therefore play an important role in the overall integrity of operating facilities.

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

ASX ANNOUNCEMENT

CODE: SRJ



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

SRJ Technologies Group plc

ABRN

642 229 856

Quarter ended ("current quarter")

30 June 2023

| Consolidated statement of cash flows | Current quarter GBP £'000 | Year to date (6 months) GBP £'000 |
|---|------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 593 | 849 |
| 1.2 Payments for | | |
| (a) research and development | (1) | (1) |
| (b) product manufacturing and operating costs | (19) | (35) |
| (c) advertising and marketing | | |
| (d) leased assets | | |
| (e) staff costs | (315) | (645) |
| (f) administration and corporate costs | (195) | (336) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | (1) | (2) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other - foreign exchange | 10 | (15) |
| 1.9 Net cash from / (used in) operating activities | 72 | (185) |

| | | |
|--|--|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | | |
| (d) investments | | |

ASX ANNOUNCEMENT



CODE: SRJ

| Consolidated statement of cash flows | Current quarter GBP £'000 | Year to date (6 months) GBP £'000 |
|---|------------------------------|---|
| (e) intellectual property | (6) | (6) |
| (f) other non-current assets | | |
| 2.2 Proceeds from disposal of: | | |
| (g) entities | | |
| (h) businesses | | |
| (i) property, plant and equipment | | |
| (j) investments | | |
| (k) intellectual property | | |
| (l) other non-current assets | | |
| 2.3 Cash flows from loans to other entities | | |
| 2.4 Dividends received (see note 3) | | |
| 2.5 Other (provide details if material) | | |
| 2.6 Net cash from / (used in) investing activities | (6) | (6) |

| | | |
|---|-------------|-----------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 3.2 Proceeds from issue of convertible debt securities | | 775 |
| 3.3 Proceeds from exercise of options | | |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 Proceeds from borrowings | | |
| 3.6 Repayment of borrowings | (2) | (425) |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other – Transaction costs re STATS | (89) | (303) |
| 3.10 Net cash from / (used in) financing activities | (91) | 47 |

| | | |
|---|-----|-------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 443 | 559 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 72 | (185) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (6) | (6) |

ASX ANNOUNCEMENT



CODE: SRJ

| Consolidated statement of cash flows | | Current quarter GBP £'000 | Year to date (6 months) GBP £'000 |
|--------------------------------------|---|------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (91) | 47 |
| 4.5 | Effect of movement in exchange rates on cash held | (11) | (8) |
| 4.6 | Cash and cash equivalents at end of period | 407 | 407 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | | Current quarter GBP £'000 | Previous quarter GBP £'000 |
|--|--|------------------------------|-------------------------------|
| 5.1 | Bank balances | 407 | 443 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 407 | 443 |

| 6. Payments to related parties of the entity and their associates | | Current quarter GBP £'000 |
|---|--|------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | (62) |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

The amount in 6.1 includes wages and some travel expenses for the CEO and Managing Director – Europe & Middle East. The Non-Executive Director agreed to suspend payment of fees for an unspecified time but these continue to be accrued.

ASX ANNOUNCEMENT



CODE: SRJ

| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end GBP £'000 | Amount drawn at quarter end GBP £'000 |
|-----|--|---|--|
| 7.1 | Loan facilities | 1,879 | 777 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other | - | - |
| 7.4 | Total financing facilities | 1,879 | 777 |
| 7.5 | Unused financing facilities available at quarter end | | 1,102 |
| 7.6 | <p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>7.1 Loan to acquire a commercial vehicle in Australia from Australian Alliance Automotive Finance Pty Limited that is secured on the vehicle. The interest rate of 4.99% is over a 5-year period. The first repayment occurred in April 2021.</p> <p>7.1 Company signed an agreement on 15 February 2023 for a convertible loan facility of A\$3,500,000 of convertible securities (the "Facility").</p> <p>The Facility, with Mercer Street Global Opportunity Fund LLC (Mercer), consists of 1,610,000 Convertible Notes, comprised of A\$1,400,000 principal ("Principal Amount") and A\$210,000 Original Issue Discount ("OID") (Tranche1). Of this amount, 862,500 Convertible Notes for A\$750,000 was drawn down on 24 February 2023 with the remaining 747,500 Convertible Notes for a total of A\$650,000 (£353,107) was draw down on 30 March 2023</p> <p>A second tranche of Convertible Notes in respect of the Second Convertible Security ("Second Tranche") will be issued with an individual face value of A\$1 (that is, a total of up to 2,415,000 Tranche 2 Notes will be issued) subject to shareholder and Mercer approval. (Tranche 2)</p> <p>SRJ can draw down a minimum of A\$500,000. The Tranche 1 and Tranche 2 Notes will be convertible into common shares at 90% of the lowest two (2) VWAPS ("Conversion Price A") during the fifteen (15) trading days immediately prior to notice of conversion by the Investor subject to a minimum conversion price of A\$0.05. As part of the fee for the facility, the Company will issue to Mercer shares of common stock for nil consideration equal to 3% of the Total Amount of A\$3,500,000.</p> | | |

| 8. | Estimated cash available for future operating activities | GBP £'000 |
|-----|---|--------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 72 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 407 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 1,102 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 1,509 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | N/A |

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

ASX ANNOUNCEMENT



CODE: SRJ

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by the Board of SRJ Technologies Group Plc.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee* – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.