

HIGHLIGHTS

- Cash receipts in quarter of £358k (A\$680k) marking SRJ's second-best performing quarter to date
- Contracted revenue secured for FY23 (at 19 October 2023) now totals £2m (A\$3.8m) representing 111% year-on-year growth, although a provision may be required against a material invoice (details in body of report)
- Live costed proposals in the market (at 19 October 2023) stands at £1.6m (A\$3.1m) with a significant proportion expected to close in Q4
- International energy sector service provider Baker Hughes commits to BoltEx® training and is finalising an initial product order
- SRJ BoltEx® gains traction in US energy market with £318k (A\$607k) of live costed proposals in the region including a major listed energy company
- Cash raise of A\$1.2m through capital raising combined with an off-market transaction of 8.6m of equity eliminates outstanding convertible debt and register overhang
- Full payment received for an aged outstanding balance from a client in South Africa of £97k (A\$184k) highlighted in previous quarters, leaving £30k (A\$56k) from Ghana remaining.

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

Overview

SRJ made consistent progress for the Quarter and continued to experience near-record levels of demand for its products and services.

Active proposals as well as closed orders were received from a geographically diverse base of new and existing customers as the Company continues to align its revenue targets with the growing capital expenditure of global asset integrity and maintenance providers servicing the global energy sector.

The Company strengthened its relationships with existing clients and successfully onboarded several new strategic customers.

Revenue momentum continued during the Quarter, with receipts being the second-best to date standing at £358k (A\$680k). This follows a record June quarter, which included the multi-year licensing deal and initial product payment (A\$692k) from Malaysian partner EFTECH. The Company's cash receipts for FY23 already stand at £1.2m (\$A2.3m) versus FY22 total receipts of £920k (A\$1.6m).

Significant progress was made on additional exclusive licence deals. Outcomes are expected in Q4 from the most advanced negotiations with counterparties in Indonesia and Thailand. Upon completion, they are expected to contribute materially to future revenue growth.

The Company also completed an A\$1.2m placement to eliminate all outstanding debt alongside an off-market transaction of 8.6m in equity. This strategic recalibration of SRJ's share register has not only reduced debt but also the risk of further conversion. This positions the Company to capitalise on market opportunities, including considering strategic partnership, alongside merger and acquisition prospects.

Malaysian Licensing Agreement – EFTECH

The EFTECH Licensing Agreement (ELA) announced on 22 May 2023, has progressed with product shipped and cash received to the sum of £361k (A\$692k) to the end of Quarter with a further £147k (A\$282k) invoiced and awaiting settlement.

Opportunities with EFTECH clients PTTEP and Petrofac have already been converted, which will further drive product replenishment activities between EFTECH and SRJ.

SRJ CEO, Alex Wood, visited EFTECH's Malaysian facilities at the start of July as part of a SRJ roadshow to drive revenue generating opportunities in the Southeast Asia 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, with activity under these arrangements expected to commence towards the end of FY23.

SRJ has also expanded its collaboration with EFTECH and now provides direct training to bolting contractors in Australasia to enable safe installation and operation of BoltEx[®] flange clamps and expand market reach and adoption.

Baker Hughes partners with SRJ

During the quarter Baker Hughes, one of the world's largest energy sector service providers, committed to SRJ BoltEx[®] training for its engineers in October 2023 with a subsequent initial order currently being finalised.

Training delivered by SRJ will assist Baker Hughes engineers to incorporate SRJ products into their asset maintenance programs.

The initial order will see Baker Hughes equipped with a standard range as well as bespoke (non-standard) range of BoltEx[®] clamps to execute pre-shutdown campaigns on two projects in early 2024.

It is expected these first two projects will confirm Baker Hughes' future demand levels and trigger a more significant stock uptake in readiness for a vast amount of additional bolting opportunities.

Opportunities in the United States

Listed US energy company

During the Quarter, SRJ continued negotiating an initial order from a major US-based publicly listed energy company looking to secure BoltEx[®] flange clamps covering the entire size/pressure class range. The Company recently updated its hot-bolting procedure to integrate the use of hot-bolting clamps and is expected to finalise an initial order in the last quarter of FY23.

Bolting and Flange Management Group

This US Group, with a network of clients throughout the US including the Gulf of Mexico, provide bolting and torquing services and flange management. Working closely with SRJ, they identified a need for BoltEx[®] flange clamps on Fibrebond flanges present on safety critical systems such as firewater and cooling water supply.

Many of these types of systems cannot be taken offline for safety reasons and ensuring flange integrity is paramount to the overall safety of the facility. SRJ validated the application of BoltEx[®] flange clamps on Fibrebond flanges through a detailed in-house Finite Element Analysis (FEA) exercise.

The suitability of BoltEx[®] for Fibrebond flanges demonstrates the diversity of engineering applications for BoltEx[®] clamps well beyond standard steel flanges. With this now verified and accepted, this US Group is finalising the purchase of a suite of BoltEx[®] products to service their clients.

Recent wins and upcoming opportunities

Subsequent to the end of the Quarter, SRJ representatives attended the ADIPEC Energy Conference in Abu Dhabi, UAE. Attendance at the four-day event was conducted in partnership with Cokebusters, a strategic partner providing innovative cleaning and inspection solutions to otherwise inaccessible pipelines and pipework.

Multiple potential customers and synergistic companies were approached during the period, and numerous contacts were made while promoting the BoltEx[®] flange clamp solution. Several opportunities will be followed up with those who expressed strong interest in SRJ's solution in the UAE and the wider region, particularly in Qatar, where large shutdown work scopes are pending in 2024.

These opportunities will be explored in collaboration with EuroMechanical, the Company's local strategic partner in the MENA region.

Asset integrity consulting and business development

SRJ Consulting continues to focus on generating new business by opening up discussions with a major FPSO operator around enhancing their integrity management system.

During the reporting period, SRJ Consulting won and delivered a project to provide a flow-induced vibration study for an oil and gas major. The team has also been involved in the following activities:

- A proposal to develop complex enclosure designs for an oil and gas plant in the UAE
- A detailed engineering analysis of the application of BoltEx® to glass-reinforced plastic (GRP) flanges and proving solution can be used safely in this expanded market

Delivery continues on existing open and extended consulting projects, such as the API 14C reliability methodology development project.

Financial performance

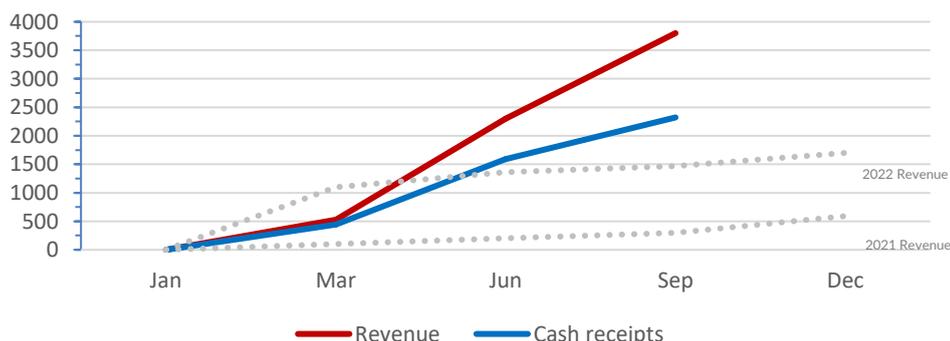
During the Quarter cash receipts of £358k (A\$680k) marked SRJ's second best quarter on record and took the Company's total receipts for FY23 to £1.2m (\$A2.3m), which exceeds FY22 total receipts of £920k (A\$1.6m).

Cash outflows used in operating activities for the Quarter was £271k (A\$514k) compared to the previous quarter's cash inflow position of £72k (A\$137k). Within this outflow of £271k was a settlement of interest on the convertible loan of £103k, which is a non-recurring item.

In Q1 FY23, SRJ reported that funds outstanding from one client totaled approx. £240k (A\$447k) this was reduced during Q2 FY23 (£113k (A\$212k) and further reduced this Quarter by £97k (A\$184k) which clears the amounts due from South Africa leaving just £30k (A\$56k) to settle from Ghana.

An invoice was issued in the Quarter for £753k (A\$1.4m) for an unreturned BoltEx® inventory that has been retained offshore by the client since mobilisation. This is currently under discussion with the client, however, the industry norms in this situation deem the client responsible for all rental charges whilst the equipment is mobilised. There may be a negotiated settlement of this invoice.

FY23 Cumulative Performance



The amount in 6.1 in the appendix 4C 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.

FOR FURTHER INFORMATION PLEASE CONTACT

INVESTORS

Alexander Wood

CEO, SRJ Technologies

E. info@srj-technologies.com

MEDIA

Emily Evans

Senior Media Advisor

E. emily@hellospoke.com.au

PH. +61 401 337 959

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.

HEAD OFFICE

PH. +44 (0) 1534 626 818
Le Quai House, Le Quai D'Auvergne,
St Helier, Jersey Je2 3Tn

AUSTRALIA

PH. +61 8 9482 0500
Level 13, 191 St Georges Tce,
Perth Western Australia 6000

UK

PH. +44 (0) 2382 549 818
U2, Waterside House, Port Hamble
Satchell Lane, Hamble, Southampton

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 September 2023

Consolidated statement of cash flows	Current quarter GBP £'000	Year to date (9 months) GBP £'000
1. Cash flows from operating activities		
1.1 Receipts from customers	358	1201
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12)	(96)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(345)	(941)
(f) administration and corporate costs	(214)	(554)
1.3 Dividends received	-	-
1.4 Interest received	(104)	-
1.5 Interest and other costs of finance paid	-	(106)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - foreign exchange and tax refund	46	67
1.9 Net cash from / (used in) operating activities	(271)	(429)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(10)	(15)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter GBP £'000	Year to date (9 months) GBP £'000
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	(10)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	633	633
3.2	Proceeds from issue of convertible debt securities	-	776
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(66)	(66)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(500)	(961)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Transaction costs re STATS	-	(303)
3.10	Net cash from / (used in) financing activities	67	79

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	407	560
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(271)	(429)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	67	79

Consolidated statement of cash flows		Current quarter GBP £'000	Year to date (9 months) GBP £'000
4.5	Effect of movement in exchange rates on cash held	(4)	(6)
4.6	Cash and cash equivalents at end of period	189	189

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	189	407
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)	189	407

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	(44)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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.

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	39	39
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	39	39
7.5	Unused financing facilities available at quarter end		-
7.6	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.		
	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.		

8.	Estimated cash available for future operating activities	GBP £'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(271)
8.2	Cash and cash equivalents at quarter end (item 4.6)	189
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	189
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.7
	<i>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.</i>	
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: Revenue generating opportunities are expected to convert a higher proportion of cash in Q4 FY23 which should translate to a net cash inflow position	
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: The Company is currently exploring capital raising opportunities, with a number of discussions ongoing with interested parties.	

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: The entity does expect to continue its operations and meet its business objectives. With live costed proposals of £1.6m (A\$3.1m) as at the date of this report, management are confident of translating a significant proportion of these proposals into revenue/cash. The model for BoltEx® sales is full settlement upfront which removes the pressure of working capital being tied up in debtors.

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: 23 October 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.