

Quarterly Activities Report – March

HIGHLIGHTS

- 1Q FY24 **cash receipts up 98% on pcp to £489k (AUD \$943k)** marking SRJ's second strongest quarter to date
- FY24 YTD **secured purchase orders up 93% on pcp to £548k (AUD\$1,125k)**
- **Enhanced Malaysian Operations:** Signed a tripartite agreement with EFTECH and Air Control Entech to deliver advanced inspection solutions.
- **Increased Product Uptake:** Procured an additional order of SRJ BoltEx® with EFTECH.
- **Expanded US Presence:** Secured an order from a new US client, an FPSO operator in the Gulf of Mexico, for a range of BoltEx® clamps, enhancing US market penetration and significantly strengthening further opportunities in the US
- **Strengthened Cash Position:** Received AUD\$601k of binding commitments from equity placement.

SRJ Technologies Group Plc (ASX:SRJ; "SRJ", or the "Company") is pleased to present its Quarterly Activities Report for the period ended 31 March 2024 ("Quarter").

Overview

Significant progress has been made through strategic agreements and purchase orders globally, showcasing the expanding reach, impact, and demand for SRJ's initiatives.

A major milestone was the signing of a three-way agreement between SRJ, Air Control Entech ("ACE") and EFTECH, aimed at introducing, promoting, and delivering advanced inspection services to the Malaysian market.

This collaboration has already resulted in a substantial proposal for the inspection of offshore drilling rigs and will further strengthen SRJ's presence in the region.

The Malaysian market's potential for BoltEx® continues to grow, buoyed by the EFTECH Licensing Agreement.

EFTECH's additional order for SRJ's leading BoltEx® product, amounting to AUD\$249k, underscores the growing traction and demand in this market.

Supporting this was SRJ's BoltEx® product earning certification for employment across all

Malaysian assets of Petronas, which significantly solidifies the Company's presence and recognition within Malaysia.

SRJ's expansion into the US market also gains momentum, evidenced by an initial order for BoltEx® from an FPSO operator in the Gulf of Mexico and an increase in enquiries.

With a focused and cost-effective approach, SRJ is poised to further expand in the US. The Company's upcoming participation at Downstream 24 in Texas reinforces SRJ's commitment to targeting the expansive refinery, petrochemical, and LNG maintenance and repair sector.

SRJ has also received formal approval by ExxonMobil to use BoltEx® on its assets in Papua New Guinea, which globally underscores the product's quality and reliability.

Similarly, Santos has sanctioned SRJ's BoltEx® for its Australian assets, further solidifying SRJ's reputation in the market and prompting additional orders to bolster inventory.

SRJ Consulting Group has been actively engaged in various asset integrity-related assignments for a leading global FPSO operator. SRJ's strategic influence with this client continues to grow, opening doors to wider and more substantial consulting opportunities.

Combined with the growing purchase order book, the global interest in utilising SRJ's consulting arm is indicative of the Company's expanding footprint across industry.

Strategic tripartite agreement

In a significant move for SRJ, a tripartite agreement was signed between the Company, ACE and EFTECH to provide advanced inspection solutions in Malaysia.

The three parties will combine technical, managerial and hardware/software assets to deliver specific work scopes for customers in the region. Each opportunity will result in a separate commercial agreement being developed and agreed upon, reflecting the contribution of each party.

It is expected a percentage of the total revenue will be allocated to SRJ, dependent on the scale of the Company's technical and managerial input on a case by case basis and there is no guarantee of revenues on signing of this agreement. Already, a significant client proposal has been issued for inspection services in the region, under the tripartite agreement.

This opportunity was secured following the signing of a three-year Global Collaboration Agreement with ACE in the previous quarter. Under the agreement, the global specialist provider of advanced robotic inspection services will aid the delivery of SRJ's strategic vision to build its scope of capabilities.

In this vision, SRJ is focused on three key components of the asset integrity management cycle; Inspection, Defect Management and Repair & Maintenance (see diagram below).

The strategic collaboration progressed at speed during this quarter with multiple introductions to business opportunities which culminated in a joint presentation in Malaysia with SRJ's regional partner EFTECH to its underlying clients.

Entry into US market

SRJ has advanced sales opportunities in the US market, following the Company's initial foothold in late 2023 via two contracts for the supply of BoltEx® in the American West and Gulf of Mexico.

BoltEx® continues to attract interest in this region, with a growing rate of inbound organic enquiries from US clients and refilling the sales pipeline (proposals in negotiation).

During the quarter, SRJ received an order from a new US client – an FPSO operator in the Gulf of Mexico, who required a range of BoltEx® clamps for their maintenance needs.

This initial order opens collateral opportunities to deliver broader Asset Integrity Management services to other production platforms this client operates around the world.

As part of the targeted efforts to advance sales opportunities in the US, SRJ will exhibit at "Downstream USA 2024" in Galveston, Texas. The conference brings 500+ executives from major downstream producers together and will present opportunities to showcase the BoltEx® solution to clientele in the US petrochemical industry.

EFTECH Licensing Agreement for Malaysia

The EFTECH Licensing Agreement (ELA), announced on 22 May 2023, is continuing to grow with further customers taking advantage of the online bolt replacement service EFTECH provides, utilising SRJ's BoltEx® product.

The Malaysian customer base is expanding with BoltEx® now being demonstrated to multiple asset owners in East Malaysia. To keep up with the increased demand, EFTECH acquired an additional AUD\$249k worth of BoltEx® products this quarter.

Following the completion of testing and technical requirements for SRJ's BoltEx® product, Petronas gave their full approval and endorsement for use of BoltEx® across the region as part of their iGAP process.

This has resulted in the Company's leading BoltEx® product now appearing in the Petronas Technical catalogue and certified for use on all assets across Malaysia.

Santos Australia

Santos Australia continue to approve the use of SRJ's BoltEx® product by acquiring additional units following an initial order in 2023, at a purchase value of AUD\$91k.

SRJ will continue work closely with the Australian domestic gas supplier and support them

technically for delivery of 'self-perform' bolting scopes.

ExxonMobil PNG

SRJ has also secured technical approval for use of BoltEx® by Exxon Mobil Corporation ("ExxonMobil") – one of the largest integrated fuels, lubricants, and chemical companies in the world.

During the quarter, SRJ supported technical discussions with ExxonMobil's Global Technical Authorities to receive full approval for global use of the Company's product. SRJ expects to receive orders from ExxonMobil commencing next quarter.

Asset integrity consulting and business development

SRJ Consulting has consolidated a strong outlook during this quarter, advancing partnerships with key clients, which includes securing and executing a new contract to develop a hot bolting procedure for a major entity in the UK's oil and gas sector.

An innovative project that developed a reliability-focused approach for API 14C device testing intervals also successfully concluded. This project highlighted SRJ's adaptive project management capabilities and client-focused outcomes.

The following project was secured during the period:

- Structural design optimisation for Carbon Capture, Utilisation, and Storage (CCUS) to address challenges in vibration and fatigue. This work showcases SRJ's technical capabilities and pivots towards sustainable energy technologies.

Moving forward, SRJ Consulting will commence the following future work scopes:

- Extension of five additional phases to the event-based learning asset integrity project delivered in late 2023. This ongoing relationship shows SRJ's ability to provide consistent value and innovation within service offerings.
- Critical revisions to multiple asset integrity working procedures to ensure higher standards and reliability in operations. This strengthens SRJ's commitment to excellence and safety in the Company's clients' operations.

These achievements and engagements reflect SRJ Consulting's strategic position and delivery reputation, making it an attractive solution hub for operators in a dynamic industry.

SRJ will continue to leverage its expertise to drive sustainable growth and value creation for all of the Company's clients.

Financial performance

During the quarter, cash receipts of £489k (AUD\$948k) were received, marking SRJ's second-best performing quarter to date. This exceeded 1Q FY23 total receipts of £247k (AUD\$443k) by 98%.

Cash inflows from operating activities in the quarter were £92k (AUD\$177k) compared to the previous quarter's cash outflow position of £101k (AUD\$194k).

Secured purchase orders for FY24 the current position as at the date of this report is £548k (AUD\$1,125k) update prior to month end. The first quarter of the calendar year is typically quiet compared to other quarters. 1Q FY23 secured orders were at £282k (AUD\$526k) so 1Q FY24 sees an increase of 93% relative to this time last year.

An invoice was issued last quarter for £753k (AUD\$1.4m) for an unreturned BoltEx[®] inventory retained offshore by the client since mobilisation. The Board made the decision to remove this revenue from FY23 in its entirety based upon ongoing discussions with the customer, and the belief that there remains an opportunity for the Company to recoup this revenue through the purchase of SRJ asset integrity solutions by the client moving forward.

The Board considers this is a valuable opportunity to build a long-term relationship to support the client's fleet asset integrity management and is considered more beneficial than pursuing a legal resolution to resolve the doubtful debts. Discussions are ongoing with the client and it is expected that this will be progressed in 2Q FY24.

The amount in 6.1 of the Appendix 4C 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.

Equity Placement

During the Quarter SRJ received binding commitments for AUD\$601k (before costs) via a placement of 8,016,666 CHESSE Depository Interests (CDIs) representing underlying ordinary shares in the Company (Shares) at an issue price of AUD\$0.075 per CDI.

The Company received commitments under the placement from existing shareholders and multiple new shareholders. The proceeds of the placement will be used by the Company for inventory replenishment, working capital and general corporate purposes and to cover the costs of the placement.

FOR FURTHER INFORMATION PLEASE CONTACT

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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.

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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")

31 March 2024

Consolidated statement of cash flows	Current quarter GBP £'000	Year to date (3 months) GBP £'000
1. Cash flows from operating activities		
1.1 Receipts from customers	489	489
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(29)	(29)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(281)	(281)
(f) administration and corporate costs	(128)	(128)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	40
1.8 Other - foreign exchange and tax refund	2	2
1.9 Net cash from / (used in) operating activities	92	92
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	(5)	(5)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter GBP £'000	Year to date (3 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	(5)	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	228	228
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(14)	(14)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(52)	(52)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	162	162

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	128	128
4.2	Net cash from / (used in) operating activities (item 1.9 above)	92	92
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	162	162

Consolidated statement of cash flows		Current quarter GBP £'000	Year to date (3 months) GBP £'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	376	376

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	376	128
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)	376	128

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	(40)
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	34	34
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 Total financing facilities	34	34
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)	92
8.2 Cash and cash equivalents at quarter end (item 4.6)	376
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	376
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: N/A	
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: N/A	
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: N/A	
<i>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.</i>	

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: 29 April 2024

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.