

ACQUISITION OF AIR CONTROL ENTECH AND CAPITAL RAISING AND TRADING UPDATE

Highlights

- **SRJ Technologies Group Plc ("SRJ") has executed a Share Purchase Agreement to acquire 100% of the issued capital of Air Control Entech Limited (ACE).**
- **ACE provides remote inspection services to the Oil & Gas industry with advanced robotics and custom drone technology.**
- **Business combination creates a world-class asset integrity company with advanced robotics, specialised drone technology, and cutting-edge repair and maintenance solutions.**
- **SRJ has raised approximately \$13.5 million under a conditional placement to fund the acquisition and provide working capital**
- **The capital raising was well supported by existing shareholders along with new and existing institutional investors**
- **SRJ is also undertaking a Share Purchase Plan (SPP) to raise up to \$500k**
- **SRJ provides trading update for FY24**

SRJ Technologies Group Plc (ASX:SRJ) (SRJ or the Company) is pleased to announce it has executed a Share Purchase Agreement (**SPA**) to acquire 100% of the issued capital of Air Control Entech Limited (**ACE**).

ACE is a UK business that provides remote inspection services to the Oil & Gas industry with advanced robotics and custom UAV technology. ACE's growth and tier 1 customer base is a result of the cost efficiencies and safety improvements its services provide for the Oil & Gas industry.

ACE is redefining inspection protocols in the Oil & Gas market with advanced robotic solutions for land, sea, and air, minimizing human risk and maximizing precision and safety. The company has successfully established services in the UK and is expanding internationally with SRJ's support.

ACE's inspection services are certified by all five main class societies. In FY23, ACE achieved 64% revenue growth, with a projected 174% growth for FY24, maintaining strong gross margins of 75% and EBITDA margins of 41%.

The business combination brings together two key offerings in the asset integrity market in inspection and repair & maintenance.

By leveraging their strong existing relationships, ACE and SRJ aim to cross-sell their respective offerings, effectively expanding market penetration and creating substantial opportunities to introduce complementary services across existing client bases and expand services across existing and new geographies.

Acquisition Overview

The acquisition is subject to customary conditions including SRJ obtaining the required shareholder approvals for the capital raising and issue of the scrip consideration and approval of the acquisition under the National Security and Investments Act 2021 (UK).

The consideration payable by the Company to ACE shareholders will comprise a combination of ordinary shares in SRJ (traded on the ASX as CHESSE Depository Interests, CDIs) and cash, with ACE shareholders (Sellers) holding approximately 28% of the issued share capital in SRJ on completion of the acquisition (Completion).

Acquisition of ACE for consideration amount of approximately GBP£4.5 million (being approximately A\$8.6 million⁴) in cash and the balance by the issue of 175,249,279 New CDIs (**Consideration CDIs**) (with an implied value of approximately A\$9.6 million at the Offer Price)^{1,2} - equivalent to approximately 5.8x ACE's FY24E EBITDA.

On completion of the transaction, the Sellers will hold approximately 28% of SRJ on an undiluted basis which will be subject to voluntary escrow arrangements for a period of 24 months for management sellers and 6 to 12 months for all other sellers.

Completion of the acquisition is expected to take place on or around 21 August 2024, subject to the conditions precedent having been satisfied or waived (when capable of waiver).

A summary of the key terms and conditions of the SPA is set out in the investor presentation released to ASX today. ASX has provided in-principle advice that the acquisition will not require shareholder approval under Listing Rule 11.1.2 or re-compliance under Listing Rule 11.1.3.

For the purpose of this announcement, SRJ and ACE are referred to, following completion of the acquisition, as the Combined Group.

Funding of the Acquisition

The Company is undertaking a capital raising via an offer of CDIs to raise up to A\$14 million to fund the cash component of the purchase price for ACE and provide working capital for the Combined Group post-completion (**Offer**).

The Offer comprises a Placement and Share Purchase Plan (**SPP**), which are subject to shareholder approval at SRJ's upcoming AGM.

The Company will also issue to the Sellers under the acquisition, scrip consideration via the issue of CDIs with an aggregate value of A\$20.16m million (at a deemed issue price of A\$0.115 per Consideration Share). The issue of the Consideration Shares is subject to shareholder approval at the Company's Annual General Meeting (**AGM**) to be held on or around 13 August 2024.

Details on the impact of the acquisition and the Offer on the Company's capital structure are set out in the investor presentation released to the ASX today.

Offer Overview

The Offer comprises:

- A conditional placement to sophisticated and professional investors in Australia, New Zealand, Hong Kong, Singapore, United Kingdom and Jersey at an offer price of A\$0.055 per CDI to raise up to A\$13.5 million (**Placement**). The Placement is underwritten by Bell Potter Securities Limited (ACN 006 390 772, AFSL 243480) (**Bell Potter**) and Peloton Capital Pty Ltd (ACN 149 540 018, AFSL 406040) (**Peloton**) to the amount of A\$11.1 million; and
- A share purchase plan for the offer of up to A\$30,000 worth of CDIs to eligible securityholders of up to A\$0.5 million (**SPP**), at an offer price equal to the offer price under the Placement. The SPP is not underwritten.

The Company will use the funds raised under the Offer to pay the cash component of the purchase price for ACE and the balance for the working capital requirements of the Combined Group. Further details of the Company's intended use of funds raised under the Offer are set out in the investor presentation released today on the ASX.

The Placement and SPP are conditional on SRJ obtaining the applicable shareholder approvals at its AGM and on the SPA becoming unconditional. Subject to satisfaction of these conditions, the CDIs under the Placement and SPP are expected to be issued on 19 August 2024.

Placement

SRJ has received binding commitments for approximately A\$13.5 (before costs) under the Placement for the issue of 245,454,545 CDIs to sophisticated, professional and institutional investors at an offer price of A\$0.055 per CDI. The offer price represents a 42.7% discount to the last traded price of the Company's shares on the ASX.

Robin Pinchbeck (Non-Executive Chair) has committed to subscribe for approximately £53,000 (A\$100,000) worth of CDIs under the Placement in lieu of payment of his director fees for the period from October 2022 to July 2024 and Roger Smith has committed to subscribe for \$10,000 worth of CDIs under the Placement, subject to shareholder approval being obtained for the purposes of ASX Listing Rule 10.11 at the AGM.

SPP

SRJ is also offering an SPP to eligible securityholders to raise up to an additional \$0.5 million. The SPP will be offered to those SRJ securityholders that hold CDIs or Shares as at the Record Date of 7.00pm AEST on 23 July 2024 (**Record Date**) and whose registered address is in Australia and New Zealand.

Eligible securityholders may apply for up to \$30,000 worth of CDIs under the SPP at the offer price of \$0.055.

Terms and conditions of the SPP will be set out in the offer booklet to be sent to eligible securityholders in relation to the SPP on or around 31 July 2024 (**SPP Booklet**). The SPP Booklet and application form will contain instructions on how to participate in the SPP.

Composition of the SRJ Board of Directors and Senior Management

The Board currently comprises of Robin Pinchbeck (Non-Executive Chair), Alexander Wood (Executive Director and Chief Executive Officer) and Roger Smith (Executive Director).

Giles Bourne will be appointed to the SRJ Board as a Non-Executive Director with effect from completion of the Acquisition.

Stefan McGreevy, the current Chief Financial Officer, will also be appointed to the SRJ Board as an Executive Director with effect from completion of the Acquisition.

See the investor presentation released to ASX today for further details of the new proposed directors and senior management.

Combined Group financial profile

- The Combined Group is forecast to deliver FY24 pro forma revenue of A\$12.3million (£6.4 million) and FY24 pro forma underlying EBITDA of A\$3.2 million (£1.67 million)¹.
- The Combined Group is forecast to deliver 78% Gross Margin in FY24.
- The Combined Group will have a pro forma net cash balance of A\$5.0m post transaction, providing sufficient working capital to fund the Combined Group.
- SRJ on a standalone basis is forecast to deliver FY24 revenue of \$4.6 million (£2.4 million) and FY24 underlying EBITDA of -\$0.3 million (-£0.1 million) and is forecast to deliver 83% Gross Margin in FY24.

Further details of ACE and the expected impact of the acquisition on the financial position and capital structure of the Company are set out in the investor presentation released today on the ASX.

Annual General Meeting and Shareholder Approvals

The Company will convene its 2024 Annual General Meeting (AGM) which is anticipated to be held on 13 August 2024, at which it will seek shareholder approval for certain matters including a number of resolutions to give effect to the acquisition and the Offer, as noted below:

- The issue of CDIs to the Sellers under the SPA pursuant to ASX Listing Rule 7.1;
- The issue of CDIs under the Placement and SPP for the purposes of ASX Listing Rule 7.1 and participation of Robin Pinchbeck and Roger Smith in the Placement for the purposes of ASX Listing Rule 10.11;
- The approval of the Equity Incentive Plans pursuant to ASX Listing Rule 7.2, exception 13; and
- The approval of the New Share Options to certain Directors and employees of SRJ in connection with the transaction that are being issued under the Equity Incentive Plans pursuant to ASX Listing Rule 10.14 (to the extent applicable).

The Notice of Meeting for the AGM, setting out further details of the above proposals is expected to be released to ASX and despatched to shareholders on or around 26 July 2024.

Indicative Timetable

An indicative timetable for the acquisition, Offer and AGM is set out below:

Event	Date*
Record date for SPP	23 July 2024
Announcement of Acquisition and Offer	24 July 2024
Notice of Annual General Meeting sent to Shareholders	26 July 2024
Dispatch of SPP offer booklet and SPP opens	31 July 2024
SPP closes	12 August 2024
Annual General Meeting	13 August 2024
Issue of CDIs under the Offer	19 August 2024
Despatch of holding statements	20 August 2024
Completion of Acquisition	21 August 2024

*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

Important Notice

This announcement may include forward-looking statements. These forward-looking statements are based on SRJ' expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of SRJ, which could cause actual results to differ materially from such statements. SRJ makes no undertaking to update or revise the forward-looking statements made in this announcement to reflect any change in circumstances or events after the date of this announcement.

Ends -

¹Under the terms of the SPA the agreed purchase price is GBP15 million (~A\$28.8m) comprising a cash payment of GBP£4.5 million (~A\$8.64m) and the issue of 175,249,279 CDIs representing GBP£10.5 million at a deemed issue price of \$0.115 per CDI.

²The SPA contains customary working capital and net debt adjustments to the purchase price such that if there is a positive adjustment to the purchase price in favour of the sellers, SRJ must issue additional Consideration Shares to the sellers based on the market price of CDIs at the time of the adjustment. Please refer to the summary of the SPA on slide 55 for more information.

³Pro forma financials assume combined financial performance of SRJ and ACE businesses for the full financial year. See investor presentation released to ASX today for the statutory forecast and details of the basis of preparation of the pro forma FY24 forecast.

⁴Unless stated otherwise, all numbers have been converted from reporting currency, GBP to AUD at an exchange rate of 1.92. The reporting currency of SRJ and ACE is GBP.

FOR FURTHER INFORMATION PLEASE CONTACT

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This announcement has been approved 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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