

## Quarterly Activities Report – June

### HIGHLIGHTS

- **Revenues secured for FY24** up to the release date of this report total £1.5m (A\$2.9m), achieving approximately 94% of FY23's full-year revenue of £1.6m (A\$3.0m), with five months of trading remaining and a robust, growing pipeline of opportunities.
- **Share purchase agreement signed** in July 2024 to acquire Air Control Entech Ltd (ACE), a market leader in the provision of offshore inspection with advanced robotics and custom UAV technology.
- **Capital raising** SRJ has raised A\$13.5 million under a conditional placement, supported by existing shareholders and new institutional investors, to fund the acquisition and provide working capital, while also undertaking a Share Purchase Plan (SPP) to raise up to A\$500k.
- **Q2 FY24 cash receipts:** £316k (A\$607k) down on previous quarter by 35% from £489k
- **Increased Product Uptake:** Received an additional £647k (A\$1.3m) order of SRJ BoltEx® with Eftech in Malaysia.
- **ExxonMobil:** Initial purchase orders received since receiving technical approval in Q1
- **Expanded US Presence:** Follow-on contract awarded by Magnolia Torque & Testing Inc to support maintenance work in the Gulf of Mexico.
- **Targeted efforts to increase SRJ footprint in the US:** SRJ exhibited at the annual Downstream USA (2024) conference in Galveston.
- **Material Consulting Order:** In July secured a A\$410k (£211k) consulting order from Single Buoy Moorings Inc. to develop and implement asset integrity systems for their FPSO fleet, demonstrating trust in SRJ's ability to deliver safe and effective business outcomes.
- **Strengthening Cash Position:** SRJ secured binding commitments of £416k(A\$800k) in convertible notes and the current capital raise for the ACE acquisition will include £1.8m (A\$3.5m) for working capital and growth opportunities



SRJ Technologies Group Plc (ASX:SRJ; “SRJ”, or the “Company”) is pleased to present its Quarterly Activities Report for the period ended 30 June 2024 (“Quarter”).

## Overview

The June quarter was another successful period in the growth of SRJ Technologies.

As at the date of this report the company has secured revenues for FY24 totaling total £1.5m (A\$2.9m), achieving approximately 94% of FY23's full-year revenue of £1.6m (A\$3.0m), with five months of trading remaining and a robust, growing pipeline of opportunities.

The quarter was highlighted by another order from Eftech International SDN BHD (“Eftech”) valued at £647k (A\$1.3m). The Malaysian market's potential for BoltEx<sup>®</sup> continues to grow, buoyed by the Eftech Licensing Agreement. Eftech's additional order for SRJ's leading BoltEx<sup>®</sup> product, underscores the growing traction and demand in this market.

Subsequent to the end of the quarter the SRJ announced a transformative transaction with the acquisition of Air Control Entech (ACE).

SRJ has executed a Share Purchase Agreement to acquire 100% of Air Control Entech Limited (ACE), a UK-based provider of advanced robotics and UAV technology for remote inspections in the Oil & Gas industry.

ACE's innovative solutions have driven significant growth and tier 1 customer acquisition due to their cost efficiency and safety improvements, with certifications from all five main class societies and a projected revenue growth of 174% for FY24.

The acquisition will combine SRJ's and ACE's offerings in asset integrity, allowing them to cross-sell and expand services to new and existing markets.



## Australia and Southeast Asia

SRJ continues to develop its footprint throughout the region with the significant follow-on order of SRJ's leading products secured with Eftech. The replenishment purchase order valued at £647k (A\$1.3m), allows for expansion throughout the Malaysian region and provides an exclusivity commitment for Indonesia.

Eftech continues to grow its footprint for SRJ products and services for operators across Malaysia with ongoing engagement in several large campaigns with Asset owners such as Hibiscus Petroleum and Petrofac. The order is for further asset integrity product solutions, following Eftech's successful delivery of SRJ's product to its clients and the growing activities throughout the region, anticipates extension of services to these operations, all with growth to new customers and locations including East Malaysia.

Additionally, Eftech is activating exclusivity rights for the Indonesian region, which has a significant volume of aging assets and will benefit from the use of SRJ's products, coupled with Eftech's services. This recent development marks yet another strong step forward in SRJ's strategic growth journey and reinforces the Company's position as a leading, trusted provider in the market.

As part of the existing licence agreement, Eftech also share 10% of the revenues generated from any rental of the Company's BoltEx<sup>®</sup> products with SRJ. Further activities that extend from this replenishment order and the net increase in available products, will increase these rental revenues to SRJ.

Other regions:

SRJ continues to extend its footprint throughout the region with several active proposals for the Philippines, Vietnam, Myanmar and additional regions throughout Australia.

## ExxonMobil PNG

During the quarter, SRJ received initial purchase orders from Exxon Mobil for the supply of BoltEx<sup>®</sup> to use on its assets in PNG.

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

## Asset integrity consulting and business development

SRJ Consulting has reaped the rewards of recent business development activities with the award of three new asset integrity related contracts with different FPSO operators. These contracts address asset integrity design concerns on new FPSOs and manage and mitigate asset integrity risk on existing operational FPSO vessels:



- Structural vibration study for a compressor module onboard a new build FPSO vessel (A\$47k).
- Structural design optimisation for Carbon Capture, Utilization, and Storage (CCUS) addressing challenges in vibration and fatigue on a new build FPSO vessel (A\$47k).
- Provision of consulting services to support the development of an asset integrity system for use on new and existing FPSO vessels (A\$410k).

The above contract wins have been accentuated by an invitation to conduct vibration analysis during FPSO design via a longer-term support framework across multiple FPSO vessels. This proposal has been submitted to the client and is currently being considered.

These achievements and engagements reflect SRJ Consulting's strategic positioning and delivery excellence, making it an attractive solution hub for operators in a dynamic industry. We continue to leverage our expertise to drive sustainable growth and value creation for all our clients.

### **Entry into US market**

Another order for A\$108k worth of BoltEx<sup>®</sup> flange clamps received from Magnolia Torque & Testing Inc, a maintenance and repair contractor specialising in flange management services, and clients including BP, Shell, Chevron, OXY and ConocoPhillips. The order covers the supply of an additional set of BoltEx<sup>®</sup> clamps that provides a competitive edge to Magnolia's service offering in the Gulf of Mexico.

### **Downstream USA 2024 conference & exhibition in Galveston, Texas**

As part of the targeted efforts to exploit the significant sales opportunities in the US market, SRJ has exhibited at the well-attended annual Downstream USA (2024) event in Galveston, showcasing its best-seller product, BoltEx<sup>®</sup>. The show gathers representatives of the Maintenance and Turnaround sectors, the exact audience SRJ aims to engage with.

Positive momentum built with a variety of end users, with Shell and INEOS amongst others requesting site demo/trial of BoltEx<sup>®</sup> clamps on their assets. With notably rising interest in the US, SRJ continues to gain market exposure and establish contact with a growing number of US-based bolting contractors, equipment providers, and the end operators.

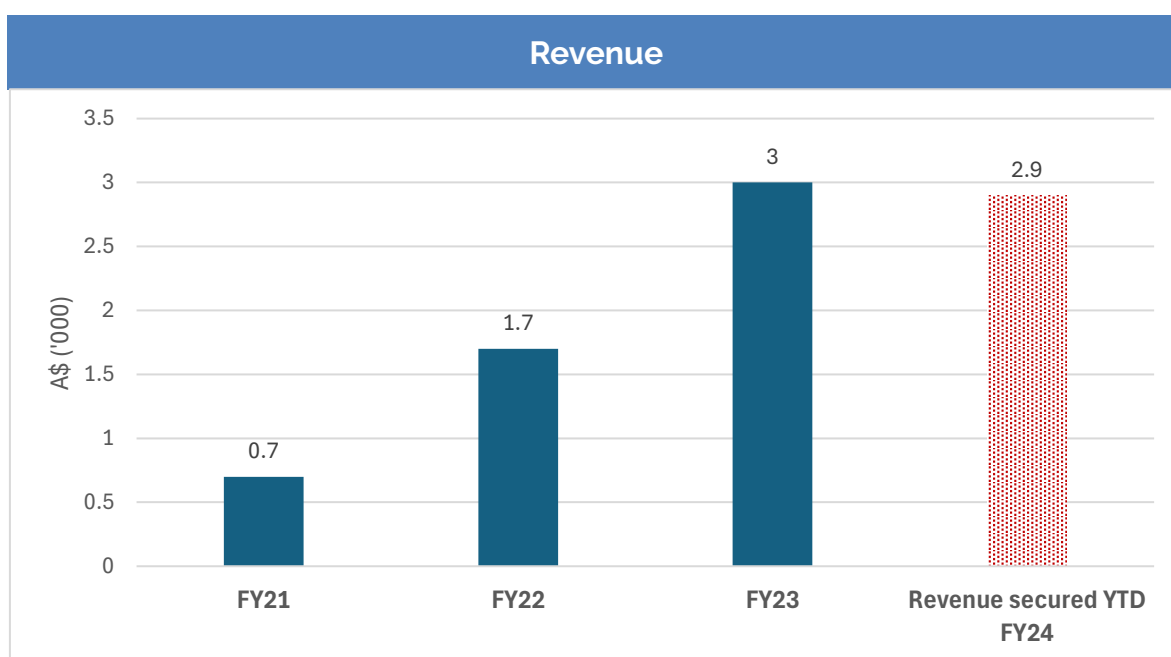


## Financial performance

During the quarter, cash receipts of £316k (AUD \$607k) were received, with significant orders secured for the second half of the year.

The Company experienced cash outflows from operating activities in the quarter £307k (A\$589k) due to a reduction in cash receipts, an increase in product manufacturing costs as the Company builds inventory to meet the secured orders, and a payment of £100k to ACE as part of the strategic collaboration agreement to support Middle Eastern business development activities.

Secured purchase orders for FY24 as at the date of this report is £1.5m (A\$2.9m). 63% of FY24F revenue target (£2.4m) is locked in by way of YTD revenue and confirmed purchase orders with a strong pipeline of advanced stage negotiations with customers for the remainder of the target revenues.



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 - Convertible Note

During the Quarter SRJ secured £421k(A\$800k) in binding commitments for a convertible note to fund Company growth. Funds to the value of £323k (A\$621k) have been received, £166k of which was received prior to quarter end. Notes have been issued for the A\$621k with the remainder of the A\$800k committed and being finalised.

## ACE Acquisition



Details of the proposed ACE acquisition and the linked Capital raise can be found on the SRJ website ([www.srj-technologies.com](http://www.srj-technologies.com))

## 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	
<b>ABRN</b>	<b>Quarter ended ("current quarter")</b>
642 229 856	30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter GBP £'000</b>	<b>Year to date (6 months) GBP £'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	316	805
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(100)	(129)
(c) advertising and marketing	(7)	(7)
(d) leased assets	-	-
(e) staff costs	(250)	(531)
(f) administration and corporate costs	(349)	(477)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	(17)	(17)
1.7 Government grants and tax incentives	-	40
1.8 Other - foreign exchange and tax refund	9	11
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(399)</b>	<b>(307)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(6)	(11)

<b>Consolidated statement of cash flows</b>		<b>Current quarter GBP £'000</b>	<b>Year to date (6 months) GBP £'000</b>
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(11)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	83	311
3.2	Proceeds from issue of convertible debt securities	166	166
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(22)	(36)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2)	(54)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>225</b>	<b>387</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	376	128
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(399)	(307)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(11)



<b>Consolidated statement of cash flows</b>		<b>Current quarter GBP £'000</b>	<b>Year to date (6 months) GBP £'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	225	387
4.5	Effect of movement in exchange rates on cash held	(1)	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>195</b>	<b>195</b>

<b>5.</b>	<b>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</b>	<b>Current quarter GBP £'000</b>	<b>Previous quarter GBP £'000</b>
5.1	Bank balances	195	376
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>195</b>	<b>376</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter GBP £'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(39)
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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end GBP £'000</b>	<b>Amount drawn at quarter end GBP £'000</b>
7.1	Loan facilities	32	32
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Note	166	166
7.4	<b>Total financing facilities</b>	<b>198</b>	<b>198</b>
7.5	<b>Unused financing facilities available at quarter end</b>		255
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.		
	<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>7.3 Binding Commitments at quarter end for Convertible Loan Notes was £421k. Convertible notes of £323k were issued after the quarter end and £166k of that was received during the quarter. Maturity date at 20/8/2025 and a fixed interest rate of 12% which is capitalised upon conversion. The notes are automatically converted at the next capital raise which is expected to be the Offer in respect of the ACE acquisition.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>GBP £'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(399)
8.2	Cash and cash equivalents at quarter end (item 4.6)	195
8.3	Unused finance facilities available at quarter end (item 7.5)	255
8.4	Total available funding (item 8.2 + item 8.3)	<b>450</b>
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.1
	<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: No with secured orders the Company expects to be cashflow positive in the coming quarters	
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: Yes, there is an offer currently open to raise funds for the ACE acquisition alongside additional working capital	
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: Yes	
	<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: 31 July 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.