

ASX Announcement

CODE: SRJ

5th May 2022

SRJ's acquisition of STATS not proceeding

SRJ Technologies Group plc (ARBN 642 229 856) (ASX: SRJ) ("SRJ" or "the Company") today announces that the acquisition of STATS (UK) Limited (STATS) will not proceed (the Transaction).

Following SRJ's announcements on 4 February 2022 and 14 December 2021 in relation to the Transaction, SRJ advises that as a result of market volatility caused by underlying macro, geopolitical and supply chain events, the acquisition of STATS will not proceed, and the Share Purchase Agreement executed on 14 December 2021 has been terminated.

SRJ and its advisors explored several Australian and global funding alternatives to raise the capital required to complete the Transaction but the significant changes to underlying market conditions since the start of 2022 made this extremely challenging.

SRJ and STATS will continue to collaborate at an operational level and partner in multiple regional markets including across the UK, Canada, USA, Middle East and Asia Pacific. The strong synergy between the two businesses and the scale of the global market opportunity in asset integrity solutions has been demonstrated and the logic of a combination has been reinforced.

Management remains confident that continued execution of their strategic priorities will create value for SRJ shareholders. These priorities are focussed on both organic growth and acquisition opportunities to broaden their capabilities and market access in this prospective sector.

Alexander Wood, Chief Executive Office of SRJ said that whilst this is a disappointing outcome for all parties, SRJ will now refocus on executing its core strategy of creating a leading global player in asset integrity for the energy sector whilst continuing to build on the successful and collaborative relationship with STATS.

"I continue to believe in the merits of a combination of the two businesses but ultimately the transaction fell victim to the current levels of market uncertainty. SRJ has many exciting organic opportunities in its pipeline and we will now focus on executing on these opportunities and building value for our shareholders."

ASX Listing and funding

The Company advises that it will remain suspended while it conducts capital raisings to provide working capital for the Company going forward.

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 4, 225 St Georges Tce, Perth
Western Australia 6000

UK

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

The Company is currently conducting an initial capital raising by way of a placement of shares which will provide interim funding for SRJ. It expects to finalise the interim raising by the end of next week.

Further, the Company is proposing to conduct a further capital raising to raise sufficient working capital to lift the suspension in the securities of the Company and to pay costs of approximately £610,000 associated with engagement of advisers including legal counsel and accounting services as part the due diligence process for the STATS Transaction. The Company was not required to pay any break fee or other amounts to STATS upon termination of the Share Purchase Agreement. It is anticipated this capital raising will be concluded by mid-June.

Further details of the interim raising and subsequent proposed capital raising will be released to the market when the raisings are finalised.

In the meantime, as disclosed in the Company's Appendix 4C, the Company has signed an agreement with an existing investor for a facility for A\$2m of convertible securities (which accrue interest at 8% per annum payable annually in cash or shares. The facility has not been drawn down at this stage.

If drawn down, the A\$2m face value is repayable in 18 monthly instalments of A\$111,111 payable in cash, shares or a combination of both. If drawn down, the Company has the right to buy-back the outstanding face value of the securities at any time with no penalty and the investor has the option to convert outstanding face value amounts into ordinary shares of the Company at a price of A\$0.645 per share at any time. There is a break fee of \$100,000 if the facility is not drawn down within three months.

The Company envisages it would draw down this facility only if required and an equity capital raise is not finalised.

Ends -

Investor Inquiries

Alexander Wood

CEO, SRJ Technologies

info@srj-technologies.com

This announcement has been authorised for release by the Board of Directors.

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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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