16 February 2023

SRJ Executes Convertible Securities Agreement To Strengthen Balance Sheet and Fund Growth

Highlights

- **$3.5 million convertible loan facility entered into with Mercer with $1.4 million committed**
- **Pro forma cash balance increased and strengthening balance sheet**
- **Funds raised to be used to accelerate SRJ's sales and marketing growth initiatives**

SRJ Technologies Group Plc (ASX: SRJ; **"SRJ"** or **"the Company"**) wishes to announce that it has entered into a convertible securities agreement with Mercer Street Global Opportunity Fund LLC (**Mercer**) for a $3.5 million convertible note facility.

The convertible note facility consists of:

- 1,610,000 Convertible Notes with a face value of $1.00 each, representing an investment amount of $1,400,000 ("Principal Amount") and a $210,000 premium which will be drawn down in two tranches as follows:
  - 862,500 Convertible Notes for an aggregate subscription price of A$750,000 (**First Tranche Convertible Notes**) will be issued within 10 days of the date of this announcement (**Tranche 1 Convertible Notes**);
  - 747,500 Convertible Notes for an aggregate subscription price of A$650,000 (**Tranche 2 Convertible Notes**) will be issued subject to the Company obtaining shareholder approval at an EGM to be convened by the Company; and
- up to a further A$2,100,000 which may be drawn down under the facility by the issue of further Convertible Notes (**Subsequent Convertible Notes**). The subscription for any Subsequent Convertible Notes is subject to the agreement of Mercer.

The Tranche 1 and Tranche 2 Convertible Notes are being offered to Mercer under a prospectus lodged with the Australian Securities and Investments Commission on or around the date of this announcement. The issue of the Tranche 1 Convertible Notes is within the Company's placement capacity restrictions under ASX Listing Rule 7.1 and is not subject to shareholder approval. The Tranche 2 Convertible Notes will be subject to shareholder approval for the purposes of ASX Listing Rule 7.1. The issue of any Subsequent Convertible Notes may

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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey

also be subject to shareholder approval at the applicable time.

Each Convertible Note has a face value of $1.00, being a 15% premium to the subscription price of each Convertible Note.

The Tranche 1 and Tranche 2 Convertible Notes will be convertible by Mercer into ordinary shares or CDIs at any time.

As part of the fee for the provision of the facility, the Company will issue to Mercer CDIs for nil consideration equal to 3% of the total amount under the facility of $3.5 million, being 763,864 CDIs (**Commencement Shares**), calculated based on the 15 day VWAP of CDIs prior to the date of the Convertible Securities Agreement. These CDIs will be issued to Mercer at the same time as the Tranche 1 Convertible Notes.

The Company has also agreed to issue 10,400,238 unlisted options over ordinary shares/CDIs to Mercer (**Options**) with respect to the First Tranche Convertible Notes and Second Tranche Convertible Notes. The issue of 1,398,463 of these Options (**First Options**) is within the Company's placement capacity restrictions under ASX Listing Rule 7.1 and is not subject to shareholder approval, however, the balance of the Options (**Second Options**) will be subject to shareholder approval for the purpose of ASX Listing Rule 7.1. To the extent that the Company further draws down on the facility and issues any Subsequent Convertible Notes, the Company must issue a further number of Options equal to the amount drawn down divided by the 20 day VWAP of the CDIs prior to closing of the relevant Subsequent Convertible Note tranche.

The Company will also pay Brighton Capital a finder's fee of 6% of the total funds raised.

The key terms of the Convertible Notes are set out in the schedule to this announcement.

The Company's Board of Directors has determined that the terms of the Convertible Notes are more favourable to the Company than a capital raising via the issue of ordinary shares/CDIs because:

1. It avoids a direct equity raise being conducted at the same time that the Company is focussing on new sales opportunities;

2. Conversion is linked to market price which therefore may result in less dilution if price increases as the business grows;

3. the facility can be drawn down over a 12 month period; and

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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey

4. The Company has the option to redeem the Convertible Notes prior to their maturity, providing greater flexibility.

Funds raised from the offering will strengthen SRJ's capital position and balance sheet, supporting the acceleration of sales and marketing growth initiatives as the Company executes on its significant growth pipeline.

The key dates for the Convertible Notes being offered under the Prospectus are set out below.

Event	Date
Lodgement of Prospectus with ASIC and ASX	16 February 2023
Offers open	24 February 2023
Offers close	27 February 2023
Issue of First Tranche Convertible Notes and First Options (First Allotment Date)	2 March 2023
Extraordinary General Meeting (EGM)	24 March 2023
Issue of First Tranche Conditional Options	27 March 2023
Issue of Second Tranche Convertible Notes and Second Options (Second Allotment Date)	28 March 2023

Commenting on the capital raising, SRJ Chief Executive Officer Alex Woods said:

"The convertible note facility with Mercer provides the Company with flexibility to draw down funding as it is needed. The Company is starting to see increased conversion of sales leads which should lead to increased revenue. The convertible note facility will allow the Company to draw down further funding as it needs and then raise additional capital when the Company is in a stronger position."

The Mercer facility replaces the Raleigh facility approved by shareholders at the 2022 annual general meeting which has now been repaid.

- Ends -

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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey

Investor Inquiries

Alexander Wood
CEO, SRJ Technologies
info@srj-technologies.com

Jane Morgan
Investor Relations
jm@janemorganmanagement.com.au

This announcement has been authorised for release by the Chief Executive.

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 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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey

SCHEDULE - SUMMARY OF KEY TERMS OF CONVERTIBLE NOTES

Term	Description
Face Value	Face value in respect of each Convertible Note is A$1.00 (**Face Value**) being a 15% premium to the subscription price of each Convertible Note.
Rank and security	The Convertible Notes will be secured obligations with the Company agreeing under the terms of the Convertible Securities Agreement, that upon request from Mercer, a security interest will be granted to Mercer over the Company's shares in Acorn Intellectual Properties Limited. CDIs issued on conversion of the Convertible Notes must rank equally with all other fully paid CDIs other than in respect of any dividend or other entitlement for which the applicable record date falls prior to the applicable conversion date.
Maturity Date	The maturity date of the Convertible Notes is as follows: • in respect of a First Tranche Convertible Note, 1 April 2024; • in respect of a Second Tranche Convertible Note, 1 April 2024; and • in respect of any Subsequent Convertible Notes, 9 months from their issue date.
Repayment on maturity	If Mercer has not notified the Company at least 10 business days prior to the relevant maturity date that it will be converting the relevant Convertible Notes, to the extent not already converted or repaid prior to the relevant maturity date, the Company must pay Face Value of the Convertible Notes to the holder of the Convertible Notes.
Conversion	Mercer may at its absolute discretion convert any Convertible Notes at any time prior to the maturity date, by giving the Company a notice provided such conversion is for Convertible Notes with an aggregate Face Value equal to or greater than A$25,000 (unless the remaining Face Value is less than $25,000, in which case for the full remaining value).
Conversion price:	The conversion price is the higher of (a) 90% of the average of the lowest two daily VWAPs of CDIs selected by Mercer and specified in a Conversion Notice for the 15 trading days on which CDIs traded in the ordinary course of business on the ASX ending on the date immediately prior to the relevant Conversion Notice; and (b) A$0.05 (subject to any adjustment following

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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey

	any reconstruction of the issued capital of the Company in accordance with the Listing Rule) (**Conversion Price**).
Early repayment:	The Company may elect to repay all (and not some) of the outstanding Convertible Notes on issue at any time prior to maturity, at a 5% premium to their aggregate Face Value, provided that certain matters are satisfied including (but not limited to) there being no existing event of default at that time. Where the Company elects to repay the Convertible Notes early, Mercer may elect to convert up to 30% of the Convertible Notes in which case the number of Convertible Notes to be repaid will be reduced accordingly.
Other repayment events	Repayment may be required by Mercer in certain circumstances including (but not limited to) on an event of default, a change of control by takeover bid, scheme of arrangement or otherwise or if the Company's CDIs are no longer quoted on ASX, the Company's CDIs are suspended from trading on ASX for a period of 20 consecutive business days, a capital raising by the Company of A$5,000,000 or more during the term of the Convertible Securities Agreement or if the Company notifies Mercer that it intends to enter into certain restricted arrangements (for example, incurring more than A$100,000 in financial indebtedness) and Mercer does not consent to the proposed arrangement.
Events of default:	The Convertible Securities Agreement contains customary events which will trigger an event of default, including but not limited to, the occurrence of insolvency events, suspension of the CDIs from trading for more than 5 days in a rolling 12 month period or the occurrence of an event causing a material adverse effect on the Company.
Default interest	Upon an event of default occurring, the Company must pay interest at a rate of 18% per annum on the amount of the Face Value of all Convertible Notes issued and not yet converted or repaid. Interest will accrue from the date of the event of default and be calculated daily and compound monthly.
Transferability	The Convertible Notes are transferable to other sophisticated or professional investors (as defined in the Corporations Act).

Head Office
Ph: +44 (0) 1534 626 818
Le Quai House, Le Quai D'Auvergne,
St Helier, Jersey JE2 3TN
SO31

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

ARBN: 642 229 856 - a limited liability company incorporated in Jersey