

Delays in work scopes and awards resulting in revised Forecast for FY24

Highlights:

- As disclosed to the market on the 31 October 2024, delays in work scopes and awards have resulted in a revision to previously forecasted statutory revenues & EBITDA for FY24.
- Delays due to timing issue only; no contracts have been lost, and the sales pipeline remains strong.
- Momentum continues with active negotiations for high-value strategic contracts, now anticipated in FY25.
- Strong Pipeline and Market Positioning - SRJ's risk-weighted pipeline represents significant potential value. With proven efficiency, class certifications, and a track record in challenging environments, the company is well-positioned to secure long-term contracts and maintain a competitive edge.

SRJ Technologies Group Plc (ASX: SRJ) ("SRJ" or "the Company") provides an update to the market regarding delays in work scopes and contract awards previously announced on 31 October 2024. Following a detailed review and quantification of the financial outlook, the Company has updated its consolidated forecast for the financial year ending 31 December 2024.

The Company continues to see momentum building in its growing sales pipeline. Active engagement and negotiations for high-value, strategic contracts remain ongoing. While certain contract awards have been delayed, it is important to emphasise that no work has been lost. The Board and Management are confident that SRJ, along with its subsidiary Air Control Entech (ACE), are well-positioned to secure these opportunities as they come to fruition.

Impact of Delays on Combined Forecast

SRJ Group has revised its forecasted statutory revenues for the financial year ending 31 December 2024 due to delays in customers undertaking work scopes, which have delayed contract awards. This includes a downward revision of the Group's statutory revenue and EBITDA forecast. Despite this, the sales pipeline remains robust, with significant opportunities now expected to materialise in FY25, reflecting a timing deferral rather than a loss of potential work across the Group.

Based on the revised outlook, the combined group's FY24 statutory revenue and earnings forecasts are now lower than previously announced on 24 July 2024. Key figures are:

- The revised statutory revenue forecast for the combined group is now £2,422k (A\$4,700k) compared to the previously reported statutory forecast of £4,732k (A\$9,180k).
- Statutory revenue contribution from ACE for the period from completion of the acquisition to 31 December is now forecast to be £614k (A\$1,192k) compared to the previously reported statutory forecast of £2,335k (A\$4,530k).
- The revised statutory revenue forecast for SRJ is now £1,808k (A\$3,508k) compared to the previously reported statutory forecast of £2,397k (A\$4,650k).
- The revised statutory EBITDA forecast for the combined group is now a loss of £917k (A\$1,779k) compared to the previously reported statutory forecast of £1,093k (A\$2,120k) profit.

Outlook

The contracts currently under negotiations and/or tender, including a comprehensive fleet-wide advanced inspection services scope, involve intricate discussions and extended decision-making processes. Due to the difficulty of predicting the timing of when specific contracts are finalised, the numbers above represent the scenario where no new contracts are signed. However, as the Company is currently in advanced discussions with several parties, there is potential for an upward adjustment to these numbers.

While these revisions reflect the impact of timing delays, the underlying strength of the sales pipeline and the strategic value of ongoing negotiations provide a strong foundation for future growth. As stated on the 31 October 2024, the Board and management remains confident that the underlying contracts will be secured. Additionally, the Company's pipeline holds a risk-weighted value of approximately £40 million, with £25 million attributed to ACE and £15 million to other SRJ-led opportunities. These contracts are at various stages of negotiation, and SRJ is well positioned to win them, thanks to the strength of its solutions, certifications, and strategic positioning in the market. However, the Company's pipeline is forward-looking and subject to risks and uncertainties. There is no guarantee that these contracts will be finalised, that the projected values will be realised or any certainty around the timing of such contract wins. The Company does not have a sufficient reliable sample of historical rates of conversion of its sales pipeline

Management Commentary

David Milner, Chief Executive Officer commented: "While the delay in work scopes is disappointing, we remain confident in the long-term growth prospects of the combined group. We are actively working to mitigate the impact of these delays and to accelerate the delivery of key projects. Despite the short-term challenges, our core business remains on track, and we continue to deliver on our strategic objectives. We are closely monitoring costs and managing accordingly during this period of delayed contracts. We will continue to focus on both mitigating risks and seizing opportunities for growth."

The Company will continue to monitor developments and provide further updates as required. The business remains committed to delivering on its broader growth strategy and executing on key projects in FY25 and beyond.

– Ends –

This announcement has been authorised for release by the Board.

FOR FURTHER INFORMATION PLEASE CONTACT

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ABOUT SRJ TECHNOLOGIES

SRJ delivers a range of asset integrity products, consulting services and solutions to the energy and maritime industries.

Remote inspection services are provided utilising advanced robotics and custom UAV technologies. SRJ's specialised consulting services and range of containment management solutions enable customers to assure the integrity of new and ageing assets subject to ever more demanding regulatory pressures.

By providing advanced robotic and UAV systems, ACE (an SRJ Group company) is revolutionising asset inspection in terms of minimising human risk and providing accurate and repeatable inspection data. ACE is able to inspect the previously un-inspectable, delivering asset integrity assurance and management to the Energy and Marine industries. ACE has achieved accreditation with all the major Marine Class Societies.

SRJ's consulting expertise covers all areas of the asset integrity management value chain. Understanding the integrity risks our customers face generates high margin revenues and provides visibility of future product/solution needs particularly as assets degrade with age but require safe and efficient life extension.

SRJ's range of asset integrity products and solutions have gained industry approval across the energy sector and are now in use across the world. SRJ's 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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