

SOFTWARE RADIO TECHNOLOGY PLC
(“SRT” or the “Company”)
(AIM: SRT)

Trading Update and Acquisition of GeoVS Limited

SRT is pleased to provide a trading update for the six month period ended 30 September 2013 and to announce the acquisition of GeoVS Limited (“GeoVS”).

Trading Update

For the six months ended 30 September 2013, we expect to report financial performance in line with our internal budgets with revenues of £3.2 million and a loss before tax of £0.4 million. As at 30 September 2013, we had cash balances of £2.2 million and no debt.

As stated in the final results in June, we expected the current year to be weighted towards the second half due to the timing of particular mandates and projects, some of which will make a significant contribution during the second half. Revenues for the first half were primarily generated from our core non-mandated leisure and commercial markets which showed continuing growth, increasing approximately 40% over the corresponding period last year. The growth in our core business is the result of two factors. Firstly, our continuing strategy of embedding more SRT products into more customer product portfolios, and secondly, rising market demand for AIS devices as a standard fit on new leisure and commercial vessels at the point of purchase, which was not the case only a few years ago. We expect to see our core business continue to grow as AIS becomes an increasingly standard purchase alongside long-established marine devices such as radar and VHF radios.

Administrative expenditure (excluding amortisation) along with new technology and product investment were similar to the comparative period. We have continued to invest in new product development, both in terms of customising existing product platforms for specific customer requirements and the commencement of three major product developments which are planned to result in additions to our portfolio during 2014.

Looking forward to the second half, we expect to see a significant increase in revenues primarily driven by demand arising from existing mandates already underway, the possible implementation of some significant new mandates and the implementation of a number of the many project opportunities on which we have been working with our customers. In addition, our core business is expected to continue to grow in line with the general commercial and leisure markets and make a healthy contribution.

Mandate revenue drivers for the second half include existing mandates already underway, such as in Russia and the EU fisheries, and the pending AIS rule extension by the US Coast Guard. We are also aware via our customers of several new mandates in Asia and South America which may come into effect during the next six months, thus potentially generating incremental demand during this financial year. However the exact commencement dates and demand pattern arising from these remains difficult to forecast.

Vessel tracking projects are an increasing focus for SRT and our partners due to their number and size. Today we are addressing opportunities ranging from a few hundred thousand dollars to multiple tens of millions of dollars. Some of these projects have progressed substantially in recent months and, having completed trials and evaluations, are now at a final pre-implementation stage, with supply tenders having been issued specifying SRT products. We expect to see orders arising from a small selection of these projects in South America, the Middle East and South East Asia during the second half.

Our biggest challenge remains matching stock production with market demand. The aggregate size of the projects is considerable in terms of the number of units that will be required. Whilst many of the projects appear to be very near to their implementation phase, we have assumed that only a small

proportion result in firm orders during the next six months, which is still a large quantity of stock spread over several different product lines. To support this expected demand during the second half and beyond, we have increased forecast production significantly and accepted the offer of a £1 million loan facility from a leading UK bank to provide additional working capital if required. This places us in a position to fulfil a significant portion of the expected project orders within the timescales that customers have indicated.

The AIS AtoN (Aids to Navigation) business has progressed well, with customers now starting to actively promote the SRT AtoN product range, address tenders and create initial interest from authorities. Our initial investment in the creation of a best in class AtoN product range is now being augmented by intensive marketing support to assist our partners with the training and education of their dealer networks and end buyers. This, in turn, is revealing a wide variety of opportunities which are gradually converting into sales.

Simon Tucker said: "The range of core, mandate and project business which we are addressing through our global network of 140 customers is very substantial and growing as more countries with a coastline and/or significant waterways recognise the national importance of maritime domain awareness. Our core business performed well during the first half and will continue to generate solid revenues into the future. However, the pending mandate and project opportunities will be key to us meeting market expectations for this financial year. As the various project opportunities have progressed through their phases, our customers and SRT have been able to improve our understanding and visibility in relation to the likely implementation timing of each project. As a result of this improved information flow, we expect that a small proportion of our project and mandate opportunities will require initial quantities of product and therefore result in substantial orders during the second half. We have put the Company in a position to meet expected requirements during the second half and look forward to reporting on progress as the rest of the financial year develops."

Acquisition of GeoVS

On 11 October 2013, SRT completed the acquisition of the entire share capital of GeoVS in return for consideration of 3,082,645 new ordinary shares in the Company (the "Consideration Shares"), valuing the business at approximately £955,000 based on the closing price of 31p per share on 11 October 2013.

GeoVS is a small company of three full time employees which was spun out of the University of South Wales where it had developed patent-pending core PC-based software technology which enables real time 3D visualisation of the marine environment from live data streamed from multiple sensors and information sources. Since that time, with the support of Finance Wales and other investors, GeoVS has refined the technology to the stage where it is ready for rollout to the market.

The technology converts real time data streamed from sensors such as radar and AIS located in marine surroundings, combines it with multi-layer electronic marine (S57) charts and instantly creates a live 3D visualisation of the marine domain. The user is then able to move seamlessly around the marine domain in full 3D to gain a much improved understanding of the area. The technology is a significant progression from the traditional representation of the marine domain on flat electronic chart displays.

The acquisition of GeoVS is designed to address our objective of developing material recurring revenue streams and maximising our leading position in the AIS and maritime domain awareness markets. The ability to offer a unique system that displays the data our transceivers transmit will significantly enhance our market offerings.

The GeoVS technology, which will be incorporated into SRT's new systems solution subsidiary, SRT Marine System Solutions Limited, will enable the development of a series of unique and innovative system level solutions which bring together SRT's transceivers and the new display products into a single optimised MDA product. The acquisition of GeoVS will open new market opportunities, creating recurring income streams through software licences and data feeds which are displayed on the GeoVS system.

The acquisition is expected to add approximately £400,000 to administrative and R&D costs during the second half of this financial year as the rate of feature and product development around the core display technology is accelerated to create and launch the initial system products. We are not forecasting any revenue contribution from the systems business during the second half.

Simon Tucker commented: "The GeoVS 3D display technology is extremely impressive in terms of how it transposes real world data, in real time into a 3D digital virtual reality world. This unique core technology platform, coupled with the expertise of the GeoVS team, enables SRT to develop a series of new system products which will allow us to start to build a significant stream of recurring revenues. I expect to see this increase the value of some existing opportunities for SRT, as well as open additional opportunities over time."

Admission to AIM and Total Voting Rights

Application has been made for the Consideration Shares to be admitted to trading on AIM which is expected to take place on 17 October 2013.

For the purposes of the Disclosure and Transparency Rules, the Company's total issued share capital following the completion of the Placing will consist of 119,002,419 ordinary shares of 0.1p each with one voting right per share. There are no shares held in treasury.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure and Transparency Rules.

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About SRT:

Software Radio Technology plc develops advanced radio communications based marine domain awareness technologies, products and systems. These are customised and provided to a global customer base to meet worldwide market demand to identify and track vessels of all sizes in leisure, commercial and homeland security applications.