

SRT MARINE SYSTEMS PLC

("SRT" or the "Company")

SE Asia Project & Year End Update Revision

SRT advises that yesterday it was informed by its SE Asian government customer of a decision to change the funding source and therefore the contract structure for the fisheries monitoring project announced in March 2018. This will adversely affect revenues and profits for the year ending March 2018 and, if as expected, SRT are awarded the contract again by the customer, will positively affect revenues and profits for the financial year ending 31 March 2019.

In March 2018, SRT was directly awarded a Euro 28.5m contract by a SE Asian government to deliver the SRT VMS System for the purpose of fisheries and maritime environment monitoring and management. Whereupon SRT commenced the implementation of the project including delivery and invoicing of product as per the contract milestones.

The specified funding source for the project was to be provided by way of an agreed overseas development assistance (ODA) loan from a European government. Following some issues and delays in regards to the activation of the loan and following confirmation of the availability of internal funds for this project the customer has formally decided to change the funding source for the project from the original overseas ODA loan to their own internal funds. This new funding has been approved and is now available for the project.

In line with local government procurement regulations all project contracts must specify the source of the funding. As such the change in funding source requires a change to the existing contract. The route to achieve this had originally been by way of a contract novation process thereby maintaining the existing contract. However, the customer has now determined that this is not appropriate within their national procurement process and therefore not advisable. Therefore, the customer has advised SRT that the existing contract must now be cancelled on the basis that the ODA loan funding source is not being used, and a new contract issued via the standard procurement process which specifies the local budget as the funding source.

As such SRT has been formally advised by the customer, and accepted, the cancellation of the existing contract effective as from 17th July 2018 and will now enter a new procurement process which it expects to be completed over the next few months. The project will then continue with payments being made directly from the customer using their own funds.

In accordance with revenue recognition policies, the deliverables made under the previous contract will be returned to SRT, but remain in-country under SRT's local installation partner's custody. The revenues arising from these deliverables made under the now cancelled contract during the financial year ending March 2018 must therefore also be reversed, resulting in a reduction in revenues of £8.2m for the year.

The accounting effect of this change is that management now expect revenues for the year ending March 2018 to be reduced by £8.2m to £5.3m resulting in a loss before tax and exceptional items for the year of £4.3m. Management expectations for revenue and profits will be materially increased for the current financial year if the customer once again awards SRT the contract as expected. This profit and loss account change is not expected to change SRT's internal cash flow expectations.

Simon Tucker, SRT CEO commented: “Whilst this is very unfortunate timing, we must respect and support the decision of our customer with whom we are building a long-term relationship that we expect will yield multiple significant contracts. Operationally we are very happy about the customer’s decision to use its own funds rather than external loans, as we expect this will enable a much smoother and more rapid implementation of this landmark project, as well as accelerated payment flows with the assistance of UKTI export credit guarantee programs.”

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

For further information, please contact:

SRT Marine Systems plc

www.srt-marine.com

+ 44 (0) 1761 409500

Simon Tucker (CEO)

simon.tucker@srt-marine.com

Louise Coates (Marketing Manager)

louise.coates@srt-marine.com

finnCap Ltd

Jonny Franklin-Adams / Anthony Adams (Corporate Finance)

+44 (0) 20 7220 0500

Tim Redfern / Richard Chambers (Corporate Broking)

About SRT Marine Systems plc:

SRT develops, manufactures and supplies maritime vessel tracking technology and turn-key system solutions to marine stakeholders across the globe with a particular expertise in AIS. The Company’s products and solutions are used by individual vessel owners, port authorities, maritime infrastructure owners, coast guards and national security agencies to enhance their maritime domain awareness. Applications include the tracking of commercial and leisure vessels; sustainable fishery; anti-collision; search and rescue; waterway management, port and coast security; pollution management; and environmental management.