

SRT MARINE SYSTEMS PLC
(AIM: SRT)
("SRT" or the "Company")

Year End Trading Update

SRT Marine Systems PLC (SRT), a global provider of maritime surveillance, monitoring and management systems, today announces a year end trading update for the financial year ended 31 March 2022.

We are pleased to announce that trading for the year ending 31 March 2022 has been in line with market forecast expectations. Subject to audit, we expect to report revenues for the year of £8.2million, and loss before tax of £6.9m. Gross cash balances were £5.9m as at year end, following the successful closing of a £4.9m equity raise during March 2022.

The Company's transceivers business performed well during the period but suffered from constrained production due to very inconsistent component supply. This resulted in revenues being lower than possible during the year, and a significant forward order book as at year end. We expect demand to continue to grow, and for the component supply chain issues to take up to a further 12 months to normalise. As such we are now seeking to actively manage this situation through strategic 'grey-market' purchases of components and adjusting selling prices to cover the premiums being paid to secure supply in order to maintain profit margins.

Our transceiver development activities have primarily focused on NEXUS, our innovative VHF/AIS marine radio system, which will start shipping in early calendar 2023. In addition to this major project, we have undertaken various smaller projects to enhance and update some of our other transceivers. In the year ahead we will continue our focus on delivering NEXUS as well as developing our DAS digital navigation and environment monitoring product offers.

The Company's systems business made good progress with the development of our GeoVS platform which sits at the heart of the SRT-MDA System, improving our project delivery capabilities and efficiency to facilitate multi-project implementation, with implementing contracted system projects and progressing new projects towards contract.

During the year, despite significant installation disruptions caused by regular Covid restrictions, we made good progress commissioning the SRT-MDA System with specialist fisheries functionality modules for The Philippines Fisheries (BFAR). The core system is now in full operation and use by the customer in multiple BFAR monitoring centres providing them with the functionality and capacity to manage their fisheries and detect and prevent illegal unlicensed and unregulated (IUU) fishing. The commissioning of the core monitoring system marked the commencement of satellite data sales, which we expect to continue into the future. During the period, no revenue milestones were completed, and we continued to receive cash payments as per contract. We expect the final revenue milestones to complete during the new financial year.

In January, we signed a new SRT-MDA Systems supply contract with a new sovereign coast guard customer for a project with a final aggregate value of £40m upon completion. It will be implemented in three phases which we currently expect to take approximately two years. We are pleased to report that as a result of early strategic purchasing and preparation of monitoring system equipment last year, following the contractually required inspection of equipment prior to shipment by the customer at our logistics centre in Somerset, the first components of the system were shipped in March and are

expected to undergo a final pre-installation inspection and acceptance by the customer in country during April. This will trigger the first invoice and payment and thereafter installation and commissioning of the equipment with further related invoice and payment milestones. Upon completion of this project we expect there will be further follow on projects to further expand the capabilities of the system.

As of March 2022, we have a validated sales pipeline (VSP) of active new system contract opportunities with an aggregate value of approximately £600m. This comprises of multiple projects which are the primary focus of our systems sales team. They each vary in size from £1m to £130m, and are at different stages in their sales cycle. Many of these projects were delayed as sovereigns focused their attention to Covid related issues, however in the last year they have re-engaged with us as their attention returns to their long-term strategy of wanting to acquire independent maritime surveillance capabilities. Several of these new opportunities are in the late stages of the sales cycle prior to contract, and we expect to be updating the market in the coming few months.

Our systems development activities have focused on our GeoVS integrated maritime surveillance platform, which comprises multiple networking, operator-station and field operator modules. GeoVS is the core operating platform software upon which our turn-key SRT-MDA System solution is built enabling integration of multiple sensor systems and operators within a single secure maritime and border surveillance system. Our development focus of GeoVS and the complete SRT-MDA System solution is across several key functionality pillars that includes intelligent multi-sensor networking and data fusion, dynamic AI analytics, visualisation and command and control functionalities, all of which seamlessly integrate into a single operating environment. The SRT-MDA System today is the product of many years of diligent and continuous development and we consider it to be a uniquely functional and integrated maritime surveillance system solution that meets the next generation maritime surveillance and management requirements of sovereign maritime agencies. The development of our system will continue, integrating more functionality and capabilities.

The Company expects to publish its audited final results on Thursday 28th July 2022, and hold its AGM, along with an investor open day, on Wednesday 21st September 2022 at its offices in Midsomer Norton, Somerset.

SRT CEO, Simon Tucker said:

“This has been another challenging year and I am disappointed with the poor final financial result. However, I believe we have made best use of this time to improve our products and global distribution networks and where possible continue to develop customer relationships. These factors now combine with an improved sales outlook to provide a solid foundation for the year ahead to be significantly different.”

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About SRT Marine Systems plc:

SRT Marine Systems PLC is a global company which develops and provides integrated maritime surveillance, monitoring, management and safety systems used by coast guards, fishery authorities, infrastructure and vessel owners for the purposes of managing and controlling their maritime domain. Applications include security, safety, search & rescue, law enforcement, fisheries management, illegal fishing detection and environment monitoring.