

*The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and is disclosed in accordance with the Company's obligations.*

## **SRT MARINE SYSTEMS PLC ("SRT" or the "Group")**

### **HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

SRT, the AIM-quoted developer and supplier of maritime surveillance, analytics and management systems and products announces its unaudited interim results for the six months ended 30 September 2021 (the "Period").

#### **Financial Highlights**

- **24%** - year on year H1 period revenue increase to £4.7m
- **36%** - gross profit margin
- **£2.0m** - gross cash balances as at end of H1

#### **Operational Summary**

- Significant increase in new system contract engagement.
- Major functionality and capability upgrade to GeoVS integrated surveillance platform. Positive reception from OEM's to initial NEXUS transceiver product launch.

Commenting on today's results, Simon Tucker, CEO of SRT said:

"Our transceivers business has performed very well and we expect this trend to continue through the second half. Following a period of Covid induced stagnation, system customers have substantially re-engaged during the first half, some with a renewed sense of urgency to progress with their maritime surveillance system plans. As we have previously mentioned, of particular note are four in Asia and Middle East worth an aggregate of £71m which we are confident will commence during the second half."

#### **Contacts:**

SRT Marine Systems plc

[www.srt-marine.com](http://www.srt-marine.com)  
+ 44 (0) 1761 409500

Simon Tucker (CEO)  
Louise Coates (Marketing Manager)

[simon.tucker@srt-marine.com](mailto:simon.tucker@srt-marine.com)  
[louise.coates@srt-marine.com](mailto:louise.coates@srt-marine.com)

finnCap Ltd  
Jonny Franklin-Adams / Teddy Whiley (Corporate Finance)  
Tim Redfern / Tim Harper (Corporate Broking)

+44 (0) 20 7220 0500

#### **About SRT:**

SRT Marine Systems PLC ("SRT") is a global leader in maritime domain awareness products and systems. Our solutions integrate multiple technologies, advanced analytics, innovative digital display systems, logistics and command and control to provide enhanced maritime surveillance, security, safety and management for national authorities such as coast guards and fishery authorities. Applications include coastal and territorial water surveillance and security, fisheries monitoring, management and IUU detection, search and rescue, waterway management and aquatic environment monitoring as well as individual leisure and commercial boat owners.

## Chairman's Statement

Whilst our transceivers business continues to grow, we expect our systems business to catch up from Covid delays during the second half with the commencement of new projects which will result in a considerably improved year end outcome along with greater clarity and surety on our longer-term financial outlook.

Year on year revenues for the same period grew 24% from £3.8m to £4.7m, generating a loss before tax of £3.1m. Our transceivers business grew 11% year on year generating £4.2m revenues, with our systems business contributing £0.5m from its first sales of our S-MDA system data product. Cash balances were £2.0m as at 30<sup>th</sup> September 2021. During the second half we will receive further substantial payments from existing systems customers as well as the first payments from expected new contracts. I am pleased to report we have also increased the capacity of our non-dilutive flexible working capital loan note program by up to a further £10m.

Our business has transitioned to a hybrid home/office operating model which, whilst not originally envisaged, has yielded significant productivity improvements in both our systems and transceivers business and has enabled us to continue to operate at maximum capacity even during full lock down periods. Notably this has also forced us to refine our systems delivery model such that we can more easily support the implementation of multiple system projects at lower cost.

The transceivers business which develops AIS devices for leisure and commercial vessels and marine environment monitoring has made significant strides with NEXUS, our major new product development. NEXUS combines marine voice and data communications by integrating AIS and VHF within a single device. Whilst not a new concept in itself, NEXUS includes some major innovations that we believe are market disruptive and deliver a new level of end user functionality. NEXUS has been soft launched in the market and introduced to selected target OEMs with very positive responses received. We expect the first NEXUS units to start shipping in early 2023 and be a major growth driver for the transceivers business. In parallel to this we have also commenced plans to evolve our existing AIS transceivers in the coming years, to improve functionality, performance and reduce production costs.

SRT has now manufactured over 350,000 AIS products, which accounts for the majority of all AIS devices deployed globally. However, with approximately 26 million vessels worldwide, only a small percentage of boats have one installed thus far. A clear trend is now established where AIS has moved from a product categorised as an accessory, to one which is now its own product type category and a standard fit on most large new build leisure and commercial boats and is 'the next' marine electronics purchase for existing boaters who expect to travel in areas where they will encounter commercial vessels and/or are undertaking longer trips. This is further augmented by a growing suite of national mandates affecting various types of commercial vessels, each which create an initial spike in demand followed by many years of replacement cycles. We therefore see steadily increasing demand from this market across all segments to continue to grow year on year into the future.

During the first half we saw sustained growth in all three transceiver segments. This includes Em-trak, which sells vessel transceivers through a global network of over 1,000 dealers, our digital AIS AtoN (DAS) which sells specialist buoy and environment monitoring transceivers, and our OEM and module business which provides AIS product solutions to existing marine electronics brands. We believe that each of these businesses remain at the beginning of their long-term growth and as such we have commensurately increased sales resources to enable us to handle the growing sales opportunities. The combination of our established market position built over many years that includes multiple global sales channels, a complete and proven product portfolio and an experienced development and logistics team means we expect our business to continue to do very well, both in the second half and further on.

Our systems business has been a long-term investment for SRT to target a large global market and transform our business. We have made significant investments to develop our SRT-MDA System product, which today is a highly sophisticated national scale integrated surveillance system. In parallel we have built a strong and respected market position and worked closely with customers around the world over many years to help them develop ideas and aspirations into solid system deployment plans. Whilst much progress has been made, the timing of Covid delayed the expected conversion of multiple new system contracts as customers' attention

was temporarily deviated. We recognise and share the frustration of shareholders that the systems business has not yet delivered the returns expected. However, we are confident this situation will soon change with long pending new contracts commencing.

To date we have undertaken \$50m of important reference projects in S. America, Middle East and Asia and invested heavily in developing a unique and robust integrated maritime surveillance and management system. The SRT-MDA System is designed to meet the next generation requirements of national agencies, such as Coast Guards and Fisheries wanting to update their old unintegrated maritime surveillance systems and interim web delivered services, to a fully integrated in country and autonomous national marine surveillance system. This combination of market presence and proven market-fit product has placed SRT at the forefront of this global market opportunity, resulting in a significant number of active inquiries, all of which are at different stages in their process of developing strategies into real plans and implementation. Our objective is to help interested parties develop their ideas into clear internal plans built around the SRT-MDA System. The scale, complexity and long-term nature of these projects necessarily means that this can be a lengthy and variable process. As there are a considerable number of active inquiries, we pro-actively manage the focus of our sales resources by carefully validating prospects, prioritising those who have clear budgets, political support and defined internal strategies to start building their systems. As of 30<sup>th</sup> September 2021, our validated systems contract opportunity pipeline stood at approximately £550m, representing the aggregate value of all validated system contract opportunities that currently have an expected start date horizon that varies from within the next few weeks or months up to 3 years.

During the first half we continued to receive new inquiries as well as assisting those not yet sufficiently developed with their planning to qualify for our validated sales pipeline. I am very pleased to report that we saw most of our system validated prospect customers re-emerge having been deviated by Covid related events which had significantly slowed or temporarily suspended project planning activities. As we have previously reported there are four specific projects worth an aggregate of £71m which we know are at their final stage before contracting and, based upon explicit information provide to us by the customers in question, we are confident that these will be signed and started during the second half. They have very aggressive delivery timescales and we have therefore already purchased much of the standard SRT-MDA System equipment necessary to deliver the initial phases within the required timescales of the contract. Upon completion of these initial contracts, we expect there to be a series of follow on projects from these customers as they continue to build up their systems and these are already in discussion. In addition to these specific four, there are two others in the Middle East and one in Asia which have unexpectedly progressed and based upon customer guidance could materialise during this financial year, however we prefer to calibrate expectations for next financial year. Other opportunities in our pipeline have also progressed, some quicker than others due to their differing processes most of which are in Asia and will yield further contracts during the course of next year and the year after.

Despite continued local challenges caused by Covid restrictions, we have continued to progress the implementation of the SRT-MDA project in the Philippines which is being delivered to the The Philippines Fishing Authority, BFAR. More vessels have been equipped with transceivers, and monitoring centres have been commissioned with training delivered. I am pleased to report that we have developed an excellent working relationship with the customer which is reflected in the progress of the project and continued timely payments. This project is scheduled for completion at the end of next year, and we are now in final discussions for the entering of a long-term S-MDA data supply agreement and system maintenance contract, plus further contracts to extend the system to cover more vessels. Everyone at SRT is rightly very proud of this significant deployment of the SRT-MDA System which will be the largest and most sophisticated fisheries management system worldwide.

In summary, transceivers continues to grow and we have a clear plan to accelerate that growth. Our systems business has done well to progress existing projects and £71m of new project contracts from our VSP pipeline are expected to commence during the second half, with the potential of follow on contracts thereafter. I would like to take this opportunity to thank our staff and partners who have ensured our progress during this tricky period and our shareholders who have patiently supported SRT.

**Kevin Finn**  
**Chairman**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Notes	Six months ended 30 Sep 2021 Unaudited £	Six months ended 30 Sep 2020 Unaudited £	Year ended 31 Mar 2021 Audited £
Revenue		4,703,107	3,790,852	8,275,022
Cost of sales		(2,995,675)	(2,308,881)	(5,097,419)
<b>Gross profit</b>		<b>1,707,432</b>	<b>1,481,971</b>	<b>3,177,603</b>
Administrative costs		(4,544,238)	(3,919,662)	(8,535,315)
<b>Operating loss</b>		<b>(2,836,806)</b>	<b>(2,437,691)</b>	<b>(5,357,712)</b>
Finance expenditure		(291,599)	(282,925)	(574,248)
Finance income		381	654	1,057
<b>Loss before income tax</b>		<b>(3,128,024)</b>	<b>(2,719,962)</b>	<b>(5,930,903)</b>
Income tax credit		-	-	797,060
<b>Loss for the period</b>		<b>(3,128,024)</b>	<b>(2,719,962)</b>	<b>(5,133,843)</b>
<b>Total comprehensive loss for the period</b>		<b>(3,128,024)</b>	<b>(2,719,962)</b>	<b>(5,133,843)</b>
<b>Loss per share:</b>				
Basic	2	(1.91)p	(1.66)p	(3.13)p
Diluted	2	(1.91)p	(1.66)p	(3.13)p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Notes	As at 30 Sep 2021 Unaudited £	As at 30 Sep 2020 Unaudited £	As at 31 Mar 2021 Audited £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		8,542,558	8,252,007	8,274,170
Property, plant and equipment		1,553,099	1,643,557	1,688,512
Deferred Tax		793,602	670,778	793,602
<b>Total non-current assets</b>		<b>10,889,259</b>	<b>10,566,342</b>	<b>10,756,284</b>
<b>Current assets</b>				
Inventories		2,352,351	2,878,417	2,368,283
Trade and other receivables		2,840,470	7,441,661	3,600,187
Cash and cash equivalents		1,998,747	4,996,949	5,286,432
<b>Total current assets</b>		<b>7,191,568</b>	<b>15,317,027</b>	<b>11,254,902</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,862,600)	(3,208,505)	(1,648,983)
Financial liabilities	3	(6,530,000)	(8,490,000)	(8,515,000)
Lease liabilities		(239,067)	(205,223)	(262,011)
<b>Total current liabilities</b>		<b>(8,631,667)</b>	<b>(11,903,728)</b>	<b>(10,425,994)</b>
<b>Net current (liabilities) / assets</b>		<b>(1,440,099)</b>	<b>3,413,299</b>	<b>828,908</b>
<b>Total assets less current liabilities</b>		<b>9,449,160</b>	<b>13,979,641</b>	<b>11,585,192</b>
<b>Long term liabilities</b>				
Financial liabilities	3	(937,500)	-	-
Lease liabilities		(770,383)	(978,422)	(861,409)
<b>Total long term liabilities</b>		<b>(1,707,883)</b>	<b>(978,422)</b>	<b>(861,409)</b>
<b>Net assets</b>		<b>7,741,277</b>	<b>13,001,219</b>	<b>10,273,783</b>
<b>Shareholders' equity</b>				
Share capital	4	164,282	164,252	164,252
Share premium account		13,441,305	13,431,735	13,431,735
Other reserves	6	5,490,596	5,490,596	5,490,596
Retained (loss) / earnings		(11,354,906)	(6,085,364)	(8,362,800)
<b>Total shareholders' equity</b>		<b>7,741,277</b>	<b>13,001,219</b>	<b>10,723,783</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Notes	Six months ended 30 Sep 2021 Unaudited £	Six months ended 30 Sep 2020 Unaudited £	Year ended 31 Mar 2021 Audited £
<b>Cash (used in) / generated from operating activities</b>	5	(202,248)	653,548	2,164,982
Corporation tax received		-	-	674,236
<b>Net cash (used in) / generated from operating activities</b>		<b>(202,248)</b>	<b>653,548</b>	<b>2,839,218</b>
<b>Investing activities</b>				
Expenditure on product development		(1,499,267)	(1,506,194)	(2,770,455)
Purchase of property, plant and equipment		(143,081)	(83,303)	(341,875)
Interest received		381	534	1,057
<b>Net cash used in investing activities</b>		<b>(1,641,967)</b>	<b>(1,588,963)</b>	<b>(3,111,273)</b>
<b>Financing activities</b>				
Gross proceeds on issue of shares		9,600	2,000,005	2,000,005
Costs of issue of shares		-	(102,851)	(102,851)
New loans issued		-	3,500,000	3,525,000
Loan repayments		(1,047,500)	-	-
Lease repayments		(139,691)	(131,848)	(267,749)
Loan interest paid		(265,879)	(251,750)	(514,726)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,443,470)</b>	<b>5,013,556</b>	<b>4,639,679</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3,287,685)</b>	<b>4,078,141</b>	<b>4,367,624</b>
Net cash and cash equivalents at beginning of period		5,286,432	918,808	918,808
<b>Net cash and cash equivalents at end of period</b>		<b>1,998,747</b>	<b>4,996,949</b>	<b>5,286,432</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Share Capital	Share Premium	Retained Earnings	Other Reserves	Total
	£	£	£	£	£
<b>At 31 March 2020</b>	<b>154,844</b>	<b>11,543,989</b>	<b>(3,458,289)</b>	<b>5,490,596</b>	<b>13,731,140</b>
Total comprehensive loss for the period	-	-	(2,719,962)	-	(2,719,962)
Share based payment charge	-	-	92,887	-	92,887
Issue of equity share capital	9,408	1,990,597	-	-	2,000,005
Costs of issue of equity share capital	-	(102,851)	-	-	(102,851)
<b>At 30 September 2020</b>	<b>164,252</b>	<b>13,431,735</b>	<b>(6,085,364)</b>	<b>5,490,596</b>	<b>13,001,219</b>
Total comprehensive loss for the period	-	-	(2,413,881)	-	(2,413,881)
Share based payment charge	-	-	136,445	-	136,445
<b>At 31 March 2021</b>	<b>164,252</b>	<b>13,431,735</b>	<b>(8,362,800)</b>	<b>5,490,596</b>	<b>10,723,783</b>
Total comprehensive loss for the period	-	-	(3,128,024)	-	(3,128,024)
Share based payment charge	-	-	135,918	-	135,918
Issue of equity share capital	30	9,570	-	-	9,600
<b>At 30 September 2021</b>	<b>164,282</b>	<b>13,441,305</b>	<b>(11,354,906)</b>	<b>5,490,596</b>	<b>7,741,277</b>

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Accounting Policies

#### *Basis of preparation*

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the UK Endorsement Board and applicable as at 31 March 2022.

#### *Non-statutory accounts*

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 March 2021 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit report drew attention by way of emphasis to a material uncertainty relating to going concern.

The financial information for the six months ended 30 September 2021 and 30 September 2020 is unaudited. The interim financial statements will be available to download on the Company's website [www.srt-marine.com](http://www.srt-marine.com) from 2 December 2021.

#### *Accounting policies*

The accounting policies as applied by the Group are the same as those applied by the Group in the consolidated financial statements for the year ended 31 March 2021.

### 2. Loss per share

The basic loss per share has been calculated using the loss for the period of £3,128,024 (six months ended 30 September 2020 - loss of £2,719,962; year ended 31 March 2021 – loss of £5,133,843) divided by the weighted average number of ordinary shares in issue of 164,252,431 (six months ended 30 September 2020 - 163,435,470 and year ended 31 March 2021 – 163,728,344).

During the six months ended 30 September 2021 and 2020 and the year ended 31 March 2021, the Group has incurred losses for the periods and therefore there is no impact of the share options granted on diluted earnings per share.



### 3. Financial liabilities

	30 Sep 2021 Unaudited £	30 Sep 2020 Unaudited £	31 Mar 2021 Audited £
<b>Less than one year:</b>			
Bank loan	1,250,000	2,500,000	2,500,000
Other loan	5,280,000	5,990,000	6,015,000
<b>Total</b>	<b>6,530,000</b>	<b>8,490,000</b>	<b>8,515,000</b>
<b>More than one year:</b>			
Bank loan	937,500	-	-
Other loan	-	-	-
<b>Total</b>	<b>937,500</b>	<b>-</b>	<b>-</b>

The bank loan of £2,500,000 was provided under the UK government Coronavirus Business Interruption Loan Scheme (CBILS) as part of the Group's COVID-19 resilience financing and is repayable in quarterly payments, commencing in July 2021 through to April 2023 at an interest rate of 2.59% above base rate.

Other loans all relate to drawdowns on a £20 million secured loan note programme which has been arranged by LGB Corporate Finance and which is secured by a floating charge over the Group's assets. The loans have terms of up to 3 years and interest rates of 8-10%.

During the period, a covenant in relation to debt service cover was breached and a waiver from loan note holders was obtained shortly after the period end. Due to the waiver not being received prior to the period end, IAS 1 requires that the loans are classified as being repayable in less than one year, despite their maturity dates as set out below:

	£
Maturity date:	
March 2022	1,840,000
December 2022	2,025,000
March 2023	1,000,000
June 2024	415,000
<b>Total</b>	<b>5,280,000</b>

#### 4. Share capital

	30 Sep 2021 Unaudited £	30 Sep 2020 Unaudited £	31 Mar 2021 Audited £
Allotted:			
Ordinary shares of 0.1p each	164,282	164,252	164,252

Reconciliation of movement in share capital	Number of shares
<b>Shares outstanding at 31 March 2020</b>	<b>154,843,919</b>
Share placing April 2020 (a)	7,208,020
Exercise of share options (b)	2,200,000
<b>Shares outstanding at 30 September 2020 &amp; 31 March 2021</b>	<b>164,251,939</b>
Exercise of share options (c)	30,000
<b><u>Shares outstanding at 30 September 2021</u></b>	<b><u>164,281,939</u></b>

Notes:

- a) The placing in April 2020 took place at 25p per share raising gross proceeds of £1,802,005 before costs of £102,851.
- b) 2,200,000 share options were exercised at a price of 9p in May 2020.
- c) 30,000 share options were exercised at a price of 32p in September 2021

#### 5. Cash used in operating activities

	Six months ended 30 Sep 2021 Unaudited £	Six months ended 30 Sep 2020 Unaudited £	Year ended 31 Mar 2021 Audited £
<b>Operating loss</b>	<b>(2,836,806)</b>	<b>(2,437,691)</b>	<b>(5,357,712)</b>
Depreciation of property, plant and equipment	278,494	236,046	496,872
Amortisation of intangible fixed assets	1,230,879	1,031,069	2,273,167
Share-based payment charge	135,918	92,887	229,332
Decrease / (increase) in inventories	15,933	(949,687)	(439,553)
Decrease / (increase) in trade and other receivables	759,717	8,516,873	12,358,347
Increase / (decrease) in trade and other liabilities	213,617	(5,835,949)	(7,395,471)
<b>Net cash (used in) / generated from operating activities</b>	<b>(202,248)</b>	<b>653,548</b>	<b>2,164,982</b>

## **6. Other reserves**

Other reserves consist of a capital redemption reserve of £2,857 (six months ended 30 September 2020 - £2,857 and year ended 31 March 2021 - £2,857), a warrant reserve of £62,400 (six month ended 30 September 2020 - £62,400 and year ended 31 March 2021 - £62,400) and a merger reserve of £5,425,339 (six months ended 30 September 2020 - £5,425,339 and year ended 31 March 2021 - £5,425,339). There were no movements in these reserves during the period.