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

HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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 31 December 2024 (the "Period"). The comparative for the results was the interim period to 30 September 2023, prior to the Group's change of year end.

Financial Highlights

- Significant increase in revenues to £26.2m (H1 2023: £5.5m).
- 46% gross profit margin (H1 2023: 37%).
- £2.8m profit before tax and non-cash exceptional finance charge of £0.7m (H1 2023: Loss before tax £4.6m).
- 213m contract with the Kuwait Ministry of Interior to deliver an integrated SRT maritime surveillance system signed and commenced delivery in the period.
- Cash at 31 December 2024 of £4.5m (H1 2023: £3.9m) with receivables of £32.5m, most of which were paid shortly after period end.

Operational Summary

- Five active nation state customers for the SRT-MDA System.
- £320m systems under contract. £1.2bn of new prospects.
- Expansion of systems delivery team to sustain future growth.
- NEXUS type approved and in final test and smoothing phase prior to shipping.

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

"I am delighted with our operational and financial performance during the first half which is rooted in many years of hard work to build up our technologies, products and global market position. As we expected we have seen solid revenues from both transceivers and systems divisions and look forward to continued growth into H2 and the years ahead."

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| | |
|--|---|
| SRT Marine Systems PLC (SRT) is a global leader in maritime domain awareness products and systems. | |
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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

I am pleased to report a successful start to our financial year, with both our transceiver and systems businesses on track and benefiting from our accumulated investments in technology, product and markets. With a substantial forward systems contract order book of £320m and a new transceiver product to start shipping in the near future, the Board is optimistically looking forward to the second half and the years ahead.

Group revenues for the first half were £26.2m, generating a £2.8m profit before tax and an exceptional non-cash finance charge. The exceptional non-cash finance charge of £0.7m has been accounted for in the period in respect of 20m warrants granted to an investor in exchange for the provision of a project performance bond, resulting in an overall profit before tax of £2.1m

Gross cash balances as at 31st December 2024 were approximately £22.4m, including £17.9m of restricted cash held in escrow against project bonds. Trade and other receivables at period end amounted to £32.5m, most of which were paid shortly after the period end. During the period the Group completed an equity raise of £9.5m and issued loan notes of £3.8m to provide working capital for its systems projects. Furthermore, it received a short-term loan amounting to £17m from an existing shareholder, Ocean Infinity Group Limited, to finance a bank guarantee required for a systems project signed during the period. This loan has been repaid after the period end as the cash backed guarantee was replaced with a bank guarantee on Ocean Infinity's behalf.

Our profitable transceivers business which provides marine navigation safety devices generated revenues of approximately £4.5m with a gross profit margin of 45% blended across all product segments. NEXUS, our new VHF/AIS communications system reached pre-production and type approval certification with initial units released to a selected test set of dealers and users to enable us to refine user functionalities prior to commencement of general shipping expected during H2 with our network of approximately 5,000 distribution partners.

In H2 we expect to see relatively similar levels of transceiver sales when compared to last year, reflecting the normalising of market pricing and a general lull in the boating market due to general economic nervousness which is delaying purchase decisions and new boat deliveries. However, we do see opportunities for short term upside and the long-term market opportunity for our transceivers business is significant, underpinned by a growing list of regulations, national mandates, and the long-term trend to digitise and integrate marine navigation. Of particular note is our high margin DAS division where business development focus over the last few years has seen the build-up of a number of opportunities as waterway navigation digitises. We are using our core technologies to develop and deliver compelling solutions such as NEXUS to specific market segments. We have received an exceptional market response to this product from our distribution partners with a build-up of a forward order book. NEXUS is complementary and accretive to our existing portfolio and takes us into new and larger market segments. Given our established position in the global marine electronics market and the potential for NEXUS to be a disruptive product due to its new functionalities,

it is important that functionality is very refined from day one. To that end we are taking the necessary testing and refinement time to get these details right prior to wide scale shipping and we expect this to happen towards the end of H2.

Our systems business which provides the sophisticated SRT-MDA integrated Ai driven C5iSR maritime surveillance system to sovereign agencies such as Coast Guards and Fishing Agencies generated revenues of approximately £21.7m. This was derived from four separate customers, three of which are existing customers and came from follow on projects and one of which is a new customer systems project signed in October 2024, worth 213m. During the period our systems business signed a total of four new system contracts and received a formal notice of award for a fifth which we subsequently contracted in January 2025. The €167m MDA system contract with Bakamla in Indonesia which we signed in May 2023 has been awaiting the completion of a UK to Indonesia inter-government loan. I am pleased to report that the Loan Agreement has now been signed, and as of this report the final condition precedents required to activate the loan are near to completion. Whilst we are largely a passive observer of the loan process, we are a close observer and thus are confident we shall be commencing this project shortly with first deliveries scheduled for H2.

As such going into H2, our systems business has £320m of active system projects all of which are scheduled for implementation over the coming 2 years, and some of which then have ongoing support contract periods of between 5 and 10 years. This will provide the Company with long term recurring revenues from data and support services.

The future of our systems business is increasingly bright, driven by a long-term global trend of sovereigns wanting to digitise and dramatically enhance their understanding, oversight and management of their marine domains. In addition to our system contract order book, we have a validated new contract prospect pipeline of opportunities from existing and new customers worth up to £1.2bn, some of which customers are indicating they could proceed to contract before the end of calendar year 2025. As the global leader in this growing market with proven technologies, products and all-important references, we expect to continue to convert and grow this pipeline as the market for maritime domain awareness continues to develop.

Our large forward contract order book of approximately £320m, combined with a developing global market for our technologies which are underpinned by fundamental factors such as national security, navigation safety and marine environment protection and sustainability, all mean we are optimistic about H2 and the years ahead.

Kevin Finn
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

| | Six months ended 31 Dec 2024 Unaudited | Six months ended 30 Sep 2023 Unaudited | 15 months ended 30 June 2024 Audited |
|--|--|---|--|
| Notes | £ | £ | £ |
| Revenue | 26,203,635 | 5,502,316 | 14,814,532 |
| Cost of sales | (14,129,320) | (3,441,404) | (10,612,259) |
| Gross profit | 12,074,315 | 2,060,912 | 4,202,273 |
| Administrative costs | (8,468,392) | (6,268,250) | (17,393,882) |
| Operating profit / (loss) | 3,605,923 | (4,207,338) | (13,191,609) |
| Finance costs | (1,622,018) | (411,355) | (1,253,090) |
| Broken down as: | | | |
| Finance expenditure excluding exceptional item | (944,340) | (411,355) | (1,253,090) |
| Non-cash exceptional finance cost | 6 (677,678) | - | - |

| | | | | |
|---|---|------------------|--------------------|---------------------|
| Finance income | | 123,023 | 13 | 44,073 |
| Profit / (loss) before income tax | | 2,106,928 | (4,618,680) | (14,400,626) |
| Income tax credit | | - | - | 746,807 |
| Profit / (loss) for the period | | 2,106,928 | (4,618,680) | (13,653,819) |
| Total comprehensive profit / (loss) for the period | | 2,106,928 | (4,618,680) | (13,653,819) |
| Earnings / (loss) per share: | | | | |
| Basic | 2 | 0.93p | (2.47)p | (6.76)p |
| Diluted | 2 | 0.92p | (2.47)p | (6.76)p |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

| | Notes | As at 31 Dec 2024 Unaudited £ | As at 30 Sep 2023 Unaudited £ | As at 30 June 2024 Audited £ |
|---|-------|---|---|--|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | | 15,033,129 | 12,989,804 | 14,170,410 |
| Property, plant and equipment | | 1,109,108 | 1,246,425 | 1,131,528 |
| Total non-current assets | | 16,142,237 | 14,236,229 | 15,301,938 |
| Current assets | | | | |
| Inventories | | 6,980,222 | 4,304,490 | 8,050,899 |
| Trade and other receivables | | 32,475,688 | 4,268,348 | 2,355,402 |
| Current tax recoverable | | 831,164 | 973,188 | 831,085 |
| Cash | | 4,474,859 | 3,930,126 | 2,777,083 |
| Restricted cash | | 17,945,770 | 949,115 | 949,115 |
| Total current assets | | 62,707,703 | 14,425,267 | 14,963,584 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (21,910,683) | (7,189,712) | (3,807,712) |
| Borrowings | 3 | (30,088,427) | (9,690,000) | (10,711,673) |
| Lease liabilities | | (224,594) | (250,840) | (241,098) |
| Total current liabilities | | (52,223,704) | (17,130,552) | (14,760,483) |
| Net current assets / (liabilities) | | 10,483,999 | (2,705,285) | 203,101 |
| Total assets less current assets | | 26,626,236 | 11,530,944 | 15,505,039 |
| Long-term liabilities | | | | |
| Borrowings | 3 | (2,164,927) | - | (2,955,864) |
| Lease liabilities | | (411,943) | (638,159) | (496,003) |
| Total long-term liabilities | | (2,576,870) | (638,159) | (3,451,867) |
| Net assets | | 24,049,366 | 10,892,785 | 12,053,172 |
| Shareholders' equity | | | | |
| Share capital | 4 | 249,863 | 192,428 | 222,634 |

| | | | |
|-----------------------------------|-------------------|-------------------|-------------------|
| Share premium account | 42,178,358 | 23,245,908 | 33,179,666 |
| Other reserves | 6,168,274 | 5,490,596 | 5,490,596 |
| Retained loss | (24,547,129) | (18,036,147) | (26,839,724) |
| Total shareholders' equity | 24,049,366 | 10,892,785 | 12,053,172 |

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

| | | Six months ended 31 Dec 2024 | Six months ended 30 Sep 2023 | 15 months ended 30 Jun 2024 |
|---|--------------|---|---|--|
| | | Unaudited | Unaudited | Audited |
| | Notes | £ | £ | £ |
| Cash used in operating activities | 5 | (5,546,593) | (1,683,914) | (13,277,621) |
| Corporation tax (paid)/ received | | - | (203,707) | 685,205 |
| Net cash used in operating activities | | (5,546,593) | (1,887,621) | (12,592,416) |
| Investing activities | | | | |
| Expenditure on product development | | (2,260,381) | (2,494,889) | (5,732,755) |
| Purchase of property, plant and equipment | | (171,843) | (83,042) | (267,865) |
| Interest received | | 123,023 | 13 | 44,073 |
| Net cash used in investing activities | | (2,309,201) | (2,577,918) | (5,956,547) |
| Financing activities | | | | |
| Gross proceeds on issue of shares | | 9,530,000 | 5,408,231 | 15,947,332 |
| Costs of issue of shares | | (504,079) | (364,484) | (939,621) |
| New loans issued | | 20,996,655 | 2,000,000 | 7,190,020 |
| Loan repayments | | (2,410,837) | (312,500) | (1,524,983) |
| Lease repayments | | (132,103) | (124,357) | (319,848) |
| Loan interest paid | | (929,411) | (392,773) | (1,208,402) |
| Net cash generated from financing activities | | 26,550,225 | 6,214,117 | 19,144,498 |
| Net increase in cash and cash equivalents | | 18,694,431 | 1,748,578 | 595,535 |
| Net cash and cash equivalents at beginning of period | | 3,726,198 | 3,130,663 | 3,130,663 |
| Net cash and cash equivalents at end of period | | 22,420,629 | 4,879,241 | 3,726,198 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

| | Share Capital | Share Premium | Retained Earnings | Other Reserves | Total |
|--|--------------------------|--------------------------|------------------------------|---------------------------|--------------|
|--|--------------------------|--------------------------|------------------------------|---------------------------|--------------|

| | £ | £ | £ | £ | £ |
|---|----------------|-------------------|---------------------|------------------|-------------------|
| At 31 March 2023 | 181,517 | 18,213,072 | (13,577,566) | 5,490,596 | 10,307,619 |
| Total comprehensive loss for the period | - | - | (4,618,680) | - | (4,618,680) |
| Share based payment charge - options | - | - | 160,099 | - | 160,099 |
| Issue of equity share capital | 10,911 | 5,397,320 | - | - | 5,408,231 |
| Cost of issue of shares | - | (364,484) | - | - | (364,484) |
| At 30 September 2023 (unaudited) | 192,428 | 23,245,908 | (18,036,147) | 5,490,596 | 10,892,785 |
| Total comprehensive loss for the period | - | - | (9,035,139) | - | (9,035,139) |
| Share based payment charge - options | - | - | 231,562 | - | 231,562 |
| Issue of equity share capital | 30,206 | 10,508,895 | - | - | 10,539,101 |
| Cost of issue of shares | - | (575,137) | - | - | (575,137) |
| At 30 June 2024 | 222,634 | 33,179,666 | (26,839,724) | 5,490,596 | 12,053,172 |
| Total comprehensive profit for the period | - | - | 2,106,928 | - | 2,106,928 |
| Share based payment charge - options | - | - | 185,667 | - | 185,667 |
| Warrants charge | - | - | - | 677,678 | 677,678 |
| Issue of equity share capital | 27,229 | 9,502,771 | - | - | 9,530,000 |
| Cost of issue of shares | - | (504,079) | - | - | (504,079) |
| At 31 December 2024 (unaudited) | 249,863 | 42,178,358 | (24,547,129) | 6,168,274 | 24,049,366 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Accounting Policies

Basis of preparation

The Group has not applied IAS34 Interim Financial Reporting, which is not mandatory for UK AIM listed companies, in the preparation of this half yearly report.

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 30 June 2025.

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 15 months ended 30 June 2024 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 an emphasis of matter paragraph in relation to the recoverability of intangible assets, investment value, intercompany debtors, goodwill and inventory.

The financial information for the six months ended 31 December 2024 and 30 September 2023 is unaudited. The interim financial statements will be available to download on the Company's website www.srt-marine.com from 27 March 2025.

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 15 months ended 30 June 2024.

2. Earnings / (loss) per share

The basic earnings / (loss) per share has been calculated using the profit for the period of £2,106,928 (six months ended 30 September 2023 - loss of £4,618,680, 15 months ended 30 June 2024 - loss of £13,653,819) divided by the weighted average number of ordinary shares in issue of 226,777,564 (six months ended 30 September 2023 - 187,174,103 and 15 months ended 30 June 2024 - 202,114,658).

During the period, the calculation of diluted earnings per share has assumed conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is performed to determine the number of shares to be issued for no consideration. The number of dilutive shares under option at 31 December 2024 was 2,058,370 and the weighted average number of ordinary shares for the purposes of dilutive earnings per share was 228,600,072.

During the period ended 30 September 2023 and 15 months ended 30 June 2024, the Group incurred a loss for the period and therefore there is no impact of the share options granted on diluted earnings per share.

3. Borrowings

| | 31 Dec 2024 | 30 Sep 2023 | 30 June 2024 |
|----------------------------|--------------------|--------------------|---------------------|
| | Unaudited | Unaudited | Audited |
| | £ | £ | £ |
| Less than one year: | | | |
| Bank loan | - | 2,000,000 | 1,500,000 |
| Loan notes | 11,610,000 | 7,690,000 | 7,830,000 |
| Equipment loan | 1,481,773 | - | 1,381,673 |
| Investor loan | 16,996,654 | - | - |
| Total | 30,088,427 | 9,690,000 | 10,711,673 |
| More than one year: | | | |
| Loan notes | 490,000 | - | 490,000 |
| Equipment loan | 1,674,927 | - | 2,465,864 |
| Total | 2,164,927 | - | 2,955,864 |

The bank loan was drawn down in September 2023 as a short-term loan provided under the UK Government Recovery Loan Scheme (RLS) at an interest rate of 3.5% above base rate. It was repaid during the six months ended 31 December 2024.

Loan notes relate to drawdowns on a secured note programme which has been arranged by LGB Capital

Markets. The loan note liabilities are secured by a floating charge over the Group's assets. The loans have terms of up to 3 years and interest rates of 8-12%.

During the 15 months ended 30 June 2024, an equipment loan of £4,145,020 was drawn in respect of purchases for a systems project. The loan is repayable in quarterly instalments over a 3-year period with an interest rate of 4%.

On 28th October 2024, an existing shareholder, Ocean Infinity Group Limited provided a 21.4m guarantee to enable the group to issue a performance bond of a similar value in respect of a project contract worth 213m which was signed on 30th October 2024. This guarantee was initially provided as a cash loan of 21.4m at an interest rate of 0.75% per month. After the period end the loan was repaid as the guarantee was replaced with a bank guarantee on Ocean Infinity's behalf. The intention is to replace this bank guarantee with a combination of SRT's own cash resources and the UKEF guarantee program. In return for providing this guarantee, Ocean Infinity has been granted 20,000,000 warrants at a strike price of 35p, with an exercise period of 3 years - see note 6.

4. Share capital

| | 31 Dec 2024 Unaudited £ | 30 Sep 2023 Unaudited £ | 30 June 2024 Audited £ |
|--|----------------------------------|-------------------------------|---------------------------------|
| Allotted: | | | |
| Ordinary shares of 0.1p each | 249,863 | 192,428 | 222,634 |
| Reconciliation of movement in share capital | Number of shares | | |
| Shares issued at September 2023 | 192,427,939 | | |
| Exercise of share options (a) | 206,000 | | |
| Share placing December 2023 / January 2024 (b) | 30,000,147 | | |
| Shares issued at 30 June 2024 | 222,634,086 | | |
| Placing of shares (c) | 27,228,570 | | |
| Shares issued at 31 December 2024 | 249,862,656 | | |

Notes:

- 30,000 share options were exercised at a price of 25p in November 2023 and a further 126,000 share options were exercised in December 2023 at the same price. A further 50,000 share options were exercised at a price of 0.1p in December 2023.
- The placing in December 2023 and January 2024 took place at 35p per share raising gross proceeds of £10,500,051 before costs of £575,138.
- The placing in December 2024 took place at 35p per share raising gross proceeds of £9,530,000 before costs of £504,079.

5. Cash used in operating activities

| | Six months ended 31 Dec 2024 Unaudited £ | Six months ended 30 Sep 2023 Unaudited £ | 15 months ended 30 June 2024 Audited £ |
|-------------------------------------|--|--|---|
| Operating profit / (loss) | 3,605,923 | (4,207,338) | (13,191,609) |
| Depreciation of property, plant and | | | |

| | | | |
|--|--------------------|--------------------|---------------------|
| Depreciation of property, plant and equipment | 210,871 | 200,296 | 517,504 |
| Amortisation of intangible fixed assets | 1,397,662 | 1,261,803 | 3,319,062 |
| Share-based payment charge - options | 185,667 | 160,099 | 391,661 |
| (Increase) / decrease in inventories | 1,070,677 | (838,864) | (4,585,273) |
| Increase in trade and other payables | 18,102,971 | 179,786 | 3,473,250 |
| (Increase) / decrease in trade and other receivables | (30,120,364) | 1,560,304 | (3,202,216) |
| Net cash used in operating activities | (5,546,593) | (1,683,914) | (13,277,621) |

6. Exceptional finance charge

As set out in note 3, during the period Ocean Infinity was granted 20,000,000 warrants at a strike price of 35p, and an exercise period of 3 years for the provision of a guarantee in respect of a project performance bond.

In accordance with international accounting standards, these warrants have been valued during the period over the expected life of the services that are provided, being the guarantee. The expected life of the guarantee is the period to June 30 2025, by which point it will be replaced with a combination of SRTs own cash resources and the UKEF guarantee program. This has generated a notional non-cash exceptional finance charge in the statement of comprehensive income for the period of £677,678.

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