



**Gresham
House**



Strategic Equity Capital Fund Investment Proposal

SRT Marine Systems (LON: SRT)

Current Price: £0.88 (17/02/2026 at close)

Target Price: £1.30 (+47%)

Investment Duration: 3 Years

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SRT Marine Systems | Summary

Investment Proposal

3 Year Primary Capital Investment, supporting operational performance during high-growth stage of SRT Marine Systems. Engagement focus:

- a) gross margin improvement through development of software offering
- b) Capacity building to win further long-term sovereign partnerships

Business Snapshot¹

(£ in millions)	18/02/2026
Share Price	0.88
NOSH (M)	251.6
Market Cap. (Equity Value)	226.5
(+) Gross debt	17.2
(-) cash & cash equivalents	10.0
Total Enterprise Value (TEV)	239.4
2024A EBITDA	6.6
EV / 2024A EBITDA	34.8x
Underlying FCF	-3.9

Business Units

- **Navigation Safety:** Automatic Identification System (AIS) Transceiver sales.
 - 12% of 2025 sales³
- **Integrated Maritime Surveillance Systems:** National Vessel Tracking, Vessel Traffic, and Fisheries Monitoring.
 - 88% of 2025 sales, higher growth and gross margin business unit.
 - Five existing long-term contracts with sovereign partners.
 - Partners include Panama Canal, Bahrain Coastguard, Philippine Fisheries

Thesis Summary

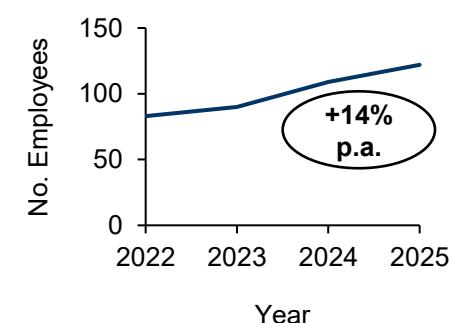
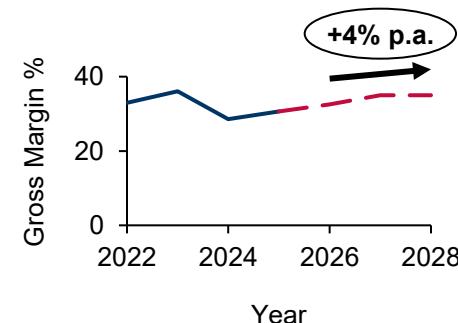
SRT Maritime Systems is the **leader of a niche market** seeing stable growth. The company is **profitable**, with **strong cash generation** through existing **long-term contracts**. There is potential for significant expansion through **validated sales pipeline of £1.8bn**. Expanding **software offerings** will enable SRT Marine Systems to increase its **gross margin**. Supporting **team buildout** and engagement with the Gresham House network will increase capacity for further **sovereign partnerships**.

Analyst Coverage

- Cavendish research² from 13/01/2026 set a price target of £1.22, in line with the DCF modelling underpinning this presentation. 2026 revenue forecast of £115 million, without including potential conversion of pipeline sales.
- Additional Sovereign Contracts identified as a key catalyst.

Fund Synergies

- The fund benefits through diversification into a new niche market.
- SRT Marine Systems benefits through engagement with Gresham Partner's network and other portfolio companies. There is potential to work with another portfolio company, Oxygen Finance (a subsidiary of Trufin), to develop the capability to win public contracts.



Notes: 1) Data from Capital IQ 2) Report available here: https://www.research-tree.com/research/cavendish/morning-note-13-january-2026/129_32f0f05b-3366-4649-95a5-0c40025aa525 3) 2025 Annual Report available here: <https://srt-marine.com/wp-content/uploads/2025/10/SRT-Annual-Report-2025.pdf>

SRT Marine Systems Valuation | Perpetuity Growth DCF

Model Results and Assumptions

Base Case (Target: +47%)

- Increasing gross margin from 30% to 35% over three years
- Continued strong revenue growth through existing contracts and partial conversion of £1.8bn pipeline to support annual revenue growth of 31%, 20%, and 6% to 2028.

Bear Case (Target: -60%)

- No drop in gross margin, less favorable tax position, Increased SG&A expenses and research investment

Bull Case (Target: +158%)

- Aggressive improvement of gross margin and operational cost cutting

Perpetuity Growth Model (Base Case)

2028E Unlevered Free Cash Flow	31.8
Perpetuity Growth Rate	2.00%
Terminal Value	386.8
Discount Factor	0.74
Present Value of Terminal Value	287.6
Present Value of Cash Flow	45.8
Total Enterprise Value	333.4
Less: Debt	17.2
Plus: Cash	10
Total Equity Value	326.2
Diluted Shares Outstanding	251.6
Implied Share Price	£1.30
<i>Upside</i>	<i>47.32%</i>

WACC Calculation

Cost of Debt Calculation

Risk-Free Rate (10-Year Gilt)	4.40%
Pre-Tax Cost of Debt	8
Effective Tax Rate (UK Corp Tax 2025)	26.00%
After-Tax Cost of Debt	10.08%

Cost of Equity Calculation

Risk-Free Rate	4.40%
Equity Risk Premium	6.00%
Beta ¹	1.00
Cost of Equity	10.40%

Market Value of Debt	\$17,200,000.00	7.21%	10.08%
Market Value of Equity	\$221,408,000.00	92.79%	10.40%
Total	\$238,608,000.00	100.00%	10.38%

Sensitivity Analysis

Perpetuity Growth							
WACC	1.25%	1.50%	1.75%	2.0%	2.25%	2.50%	2.75%
7.7%	1.75	1.82	1.89	1.97	2.06	2.16	2.26
8.2%	1.61	1.67	1.73	1.80	1.87	1.95	2.04
8.7%	1.50	1.55	1.60	1.66	1.72	1.79	1.86
10.4%	1.19	1.23	1.26	1.30	1.33	1.37	1.42
9.7%	1.30	1.34	1.38	1.42	1.47	1.52	1.57
10.2%	1.22	1.25	1.29	1.33	1.37	1.41	1.46
10.7%	1.15	1.18	1.21	1.24	1.28	1.32	1.35

Notes: 1) The 5 year Beta for SRT Marine Systems is 0.53; the more conservative value of 1.0 was used to account for typical volatility of micro-cap companies.



Appendix: Base Case Three Statement Model (1/3)

Income Statement								
All figures in USD Millions unless stated	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Total Revenue	8.30	8.20	30.50	11.90	78.00	102.20	123.00	130.38
Cost Of Goods Sold	-5.10	-5.50	-19.50	-8.50	-54.10	-61.32	-73.80	-78.23
Gross Profit	3.20	2.70	11.00	3.40	23.90	40.88	49.20	52.15
Selling General & Admin Exp.	5.80	6.50	8.30	11.30	14.80	15.33	15.38	13.04
Depreciation & Amort.	0.00	0.00	0.00	0.00	0.00	0.41	0.49	0.52
Amort. Of Goodwill and Intangibles	2.30	2.20	2.40	2.70	2.70	3.00	3.30	3.60
Other Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	8.10	8.70	10.70	14.00	17.50	18.74	19.17	17.16
EBIT (Operating Income)	-4.90	-6.00	0.30	-10.60	6.40	22.14	30.03	34.99
Interest Expense	-0.60	-0.60	-0.80	-1.00	-1.90	0.43	0.49	0.59
Interest and Invest. Income	0.00	0.00	0.00	0.00	0.30	0.30	0.30	0.30
Foreign Currency Loss	-0.50	-0.10	-0.20	0.00	0.00	0.00	0.00	0.00
Net Interest Exp.	-1.10	-0.70	-1.00	-1.00	-1.60	-0.43	-0.49	-0.59
Earnings Before Taxes	-6.00	-6.70	-0.70	-11.60	4.80	21.71	29.54	34.40
Non-operating Income Expense	0.00	0.00	0.00	0.00	3.40	0.00	0.00	0.00
EBT Including Unusual Items	-6.00	-6.70	-0.70	-11.60	1.40	21.71	29.54	34.40
Taxes	-0.80	-1.00	-0.70	-0.60	-0.60	2.61	4.14	5.16
Net Income	-5.20	-5.70	-0.00	-11.00	2.00	19.10	25.41	29.24
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Appendix: Base Case Three Statement Model (2/3)

Balance Sheet

All figures in USD Millions unless stated

	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Assets								
Cash And Equivalents	5.3	5.9	2.2	2.8	4.30	11.71	19.87	39.24
Short Term Investments	0	0	0	0	—	—	—	—
Trade and Other Receivables	2.3	1.7	3.3	2.1	50.80	70.00	84.25	89.30
Inventory	2.4	2.4	3.5	8.1	4.10	5.00	5.00	5.00
Prepaid Exp.	1.3	3.1	3.5	1.1	4.50	4.00	4.00	4.00
Restricted Cash	0	0.9	0.9	0.9	5.7	0	0	0
Other Current Assets	0	0	0	0	0	0	0	0
Total Current Assets	11.3	14.0	13.4	15.0	69.4	90.71	113.12	137.54
Gross Property, Plant & Equipment	3.7	3.9	4.3	4.7	5.40	5.508	5.618	16 5.7305232
Accumulated Depreciation	(2.0)	(2.6)	(3.1)	(3.6)	(4.0)	(4.0)	(4.0)	(4.0)
Net Property, Plant & Equipment	1.70	1.30	1.20	1.10	1.40	1.51	1.62	1.73
Investments and Long-Term Assets	9.0	9.3	11.7	14.1	16.7	17.89	18.45	19.56
Total Assets	22.00	24.60	26.30	30.20	87.50	110.10	133.19	158.83
Liabilities								
Accounts Payable	1.0	1.5	2.5	2.4	5.20	11.20	13.48	14.29
Accrued Exp.	0.5	4.8	4.5	1.3	36.80	41.71	50.20	53.21
Curr. Port. of LT Debt	8.8	7.4	8.2	10.9	10.9	10.9	10.9	10.9
Def Tax Liability	0.1	0.2	0.2	0	1.2	1.2	1.2	1.2
Unearned Revenue, Curr	0	0	0	0.1	0.1	0.13	0.16	0.17
Total Current Liabilities	10.4	13.9	15.4	14.7	54.2	65.14	75.94	79.77
Long-Term Debt	0	0.3	0	3.0	3.00	3.00	3.00	3.00
Other Non-Current Liabilities	0.9	0.7	0.6	0.5	0.4	0.5	0.5	0.5
Total Liabilities	11.30	14.90	16.00	18.20	57.60	68.64	79.44	83.27
Equity								
Common Stock	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Additional Paid In Capital	13.4	18.1	18.2	33.2	42.2	42.2	42.2	42.2
Comprehensive and Others	5.5	5.5	5.5	5.5	8.9	8.9	8.9	8.9
Retained Earnings	(8.4)	(13.9)	(13.6)	(26.8)	(24.50)	(5.40)	20.01	49.25
Total Common Equity	10.70	9.90	10.30	12.10	26.90	46.00	71.41	100.65
Total Liabilities And Equity	22.00	24.80	26.30	30.30	84.50	114.65	150.85	183.92
	—	0.20	—	0.10	(3.00)	4.55	17.66	25.09

Appendix: Base Case Three Statement Model (3/3)

Cash Flow	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
<i>All figures in USD Millions unless stated</i>								
Cash Flows from Operating Activities								
Net Income	(5.20)	(5.70)	(0.00)	(11.00)	2.00	19.10	25.41	29.24
Depreciation & Amort., Total	0.50	0.50	0.50	0.40	0.50	0.50	0.50	0.50
Other Amortization	2.30	2.20	2.40	2.70	2.70	3.00	3.30	3.60
Change in Acc. Receivable	12.40	(0.20)	(2.00)	2.80	(51.10)	(19.20)	(14.25)	(5.05)
Change in Inventory	(0.40)	0.0	(1.10)	(3.70)	4.00	(0.90)	–	–
Stock Based Compensation	0.2	0.3	0.30	0.30	0.30	0.50	–	–
Change in Acc. Payable	(7.40)	4.80	0.60	(2.60)	38.30	6.00	2.28	0.81
Other Operating Activities	0.50	0.40	1.00	0.90	4.40	–	–	–
Cash flow from Operating Activities	2.90	2.30	1.70	(10.20)	1.10	9.00	17.24	29.10
Investing Activities								
Capital Expenditure	(0.30)	(0.20)	(0.20)	(0.20)	(0.50)	(1.02)	(1.23)	(1.30)
Purchase of Intangible Assets + Product Development	(2.80)	(3.30)	(4.80)	(4.60)	(4.40)	(8.18)	(9.84)	(10.43)
Other Investing Activities	0.0	0.0	0.0	0.0	0.30	–	–	–
Cash flows from Investing Activities	(3.10)	(3.50)	(5.00)	(4.80)	(4.60)	(9.20)	(11.07)	(11.73)
Financing Activities								
Total Debt Issued	3.50	1.00	1.70	5.80	22.90	–	–	–
Total Debt Repaid	(0.30)	(2.20)	(1.50)	(1.50)	(20.30)	–	–	–
Net Increase/(Decrease) in Debt	3.20	(1.20)	0.20	4.30	2.60	0.0	0.0	0.0
Issuance of Common Stock	2.00	4.90	0.10	12.80	9.50	–	–	–
Repurchase of Common Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Increase/(Decrease) in Common Stock	2.00	4.90	0.10	12.80	9.50	–	–	–
Total Dividends Paid	–	–	–	–	–	–	–	–
Other Financing Activities	(0.60)	(0.80)	(0.70)	(1.70)	(2.40)	2.00	2.00	2.00
Cash from Financing	4.60	2.90	(0.40)	15.40	9.70	2.00	2.00	2.00