



JUNE 2023

Maritime security, safety, sustainability

CORPORATE PRESENTATION SRT MARINE SYSTEMS PLC



Investment Case

Established growing business with exceptional growth upside

- PROFITABLE established business with robust first mover advantage in rapidly developing multi-billion pound global market.
- SCALABLE business model underpinned by established team and operational structures that includes global distribution network of +3,000 partners, distributors and dealers.
- PROVEN range of market leading products with innovative functionality powered by proprietary inhouse developed core technology.
- FORECAST YoY revenue growth from £30m to £71m underpinned by existing forward contracts of £160m, with significant upside potential from new contract pipeline worth ~£1.4bn of which £380m are at a mature stage.



Solving global MDA problems

Our solutions embed proprietary technologies and a new generation of AI to help solve multiple maritime problems.

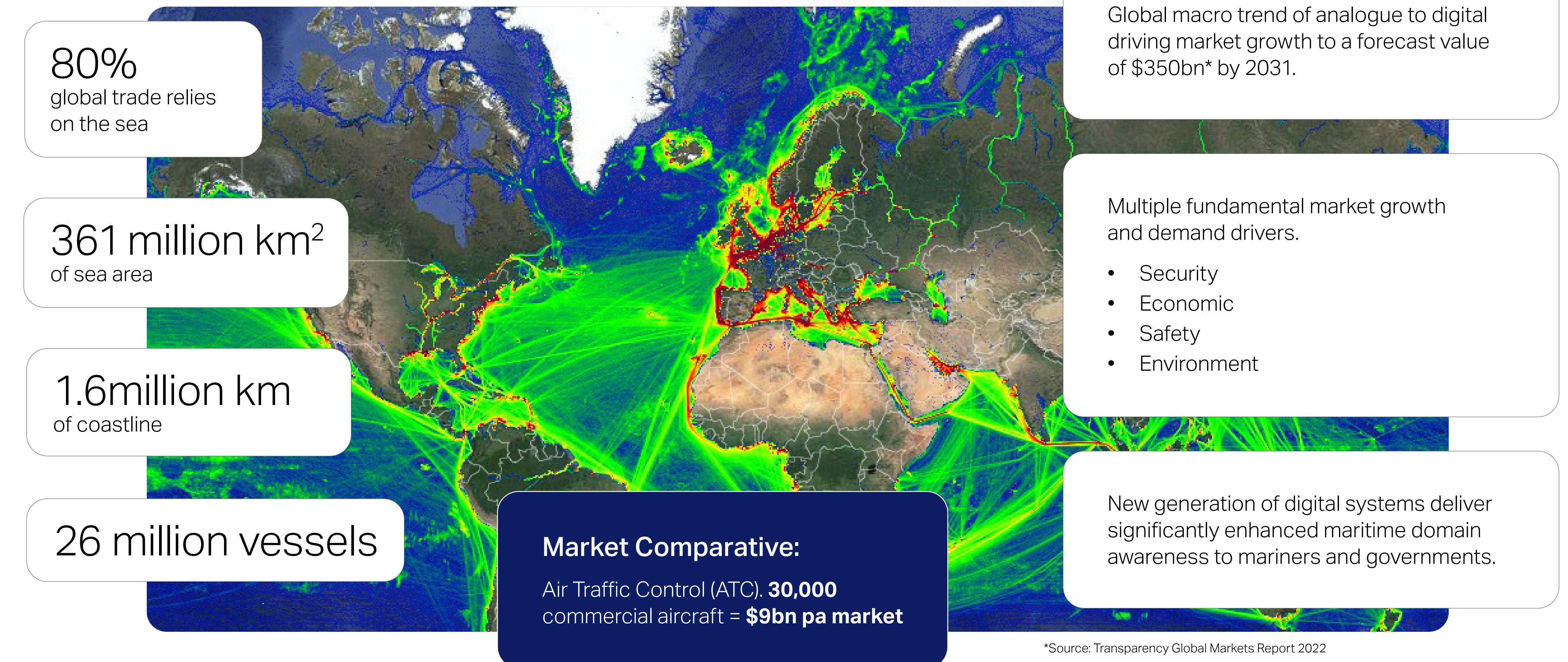
- Protection and defence of marine territory, sovereignty and borders.
- Sustainable fishing and prevention of illegal fishing to ensure food security.
- Detection and prevention of illegal activities, such as people, weapon and drug smuggling.
- Detection and prevention of pollution and protection of the marine environment.
- Safer and more efficient navigation.



Image credit: US coast guard

Market

Multi-billion pound global market opportunity



Target market segments

Established market leader in key market segment

Surveillance & security



Our Opportunity:

Governments and coast guards require maritime intelligence to operate efficiently and effectively. Detect illegal and suspicious activities, border incursions etc. Most have minimal capability today.

Our Solution:

Turn-key system solution that delivers enhanced surveillance and maritime intelligence with integrated command and control.

Our Advantage:

Fully integrated system that uses advanced data fusion, Dynamic-AI and visualisation to deliver national scale persistent surveillance and intelligence. Scalable and future proof. Established market leader.

Fisheries & Environment



Our Opportunity:

4 million fishing boats worldwide with only around 1% actively monitored and managed. Massively important industry for employment and food security. Over and illegal fishing a massive issue.

Our Solution:

Turn-key system solution that delivers a complete end to end fisheries management solution - from tracking to catch reporting and auditing.

Our Advantage:

Highly cost effective solution that makes fisheries monitoring financially viable at a national scale, whilst also providing a full suite of specialist end to end functionality within a single integrated system. Established market leader.

Navigation & Safety



Our Opportunity:

Navigation safety and efficiency for 26m commercial and leisure vessels of increasing importance - autonomous shipping.

Our Solution:

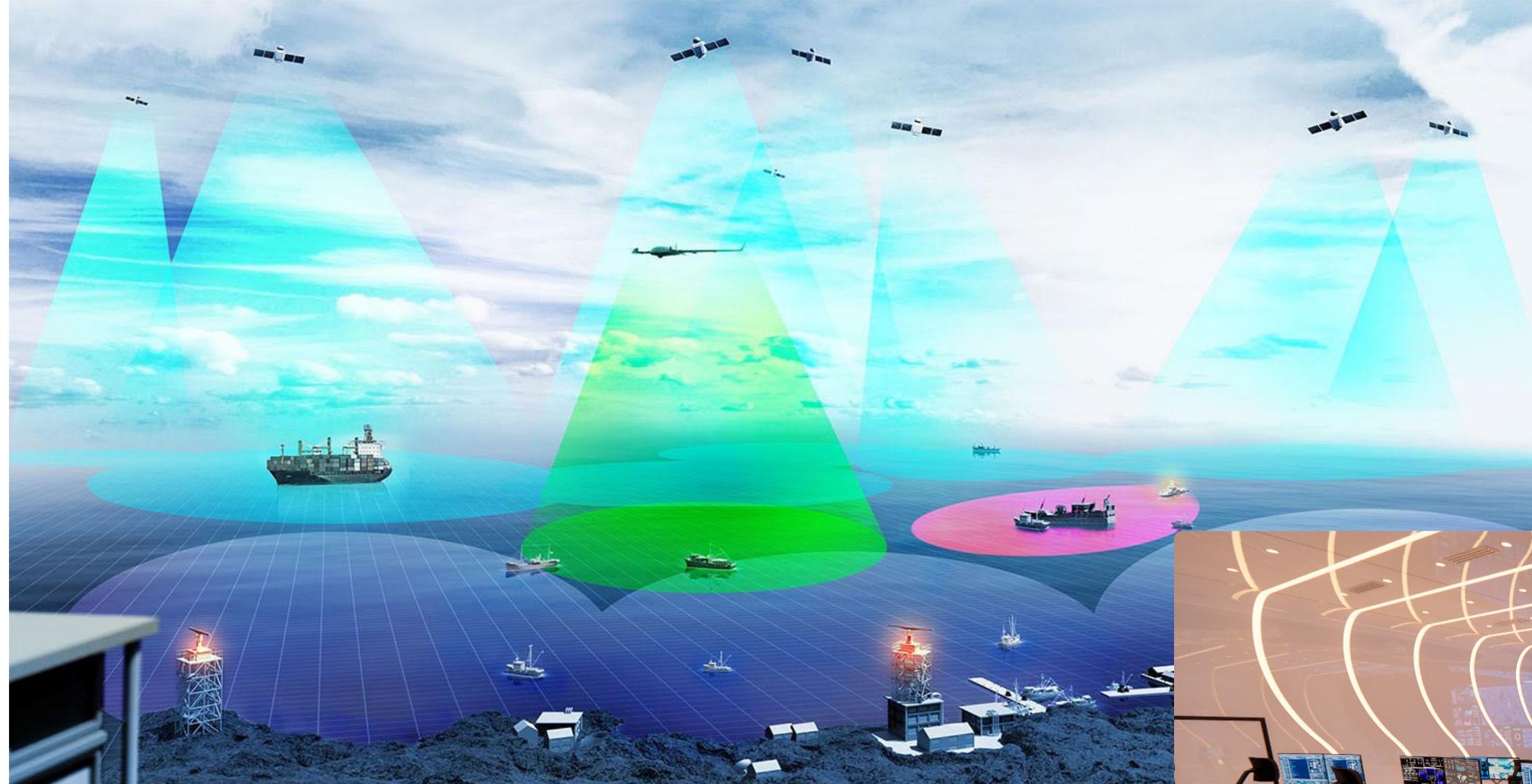
Range of digital {AIS/VHF} transceivers that provide real time vessel to vessel data and voice communication

Our Advantage:

Full range of proven products known and established in the market. Over 380,000 devices manufactured and sold, through a global network of +3,000 dealers, distributors and OEM's.

The SRT-MDA System

Next generation digital maritime surveillance and intelligence



- Integration of multiple sensor platforms (coastal, vessel, mobile, drone, satellite) and types (radar, AS, IR, RF).
- Modular and scalable architecture coupled with customisable functionality for different customer types.

- Advanced Ai analytics enable enhanced detection, identification and characterisation of targets.
- AR visualisation enables enhanced surveillance operator situational awareness.
- Fully integrated digitised operational workflow enables effective and efficient response management.

Core product offer - Navigation Transceivers

Proven and established range of products



+380,000 devices sold

A range of globally certified digital AIS and VHF transceivers covering all commercial and leisure vessel types and applications.



- Real time vessel to vessel communication without network.
- Automated anti-collision alerts and avoidance.
- Digital aids to navigation to enable autonomous and efficient commercial shipping

Operating divisions

Complementary business divisions building on established market positions.



Systems division



Surveillance & security

- £20m completed business
- £160m existing contracts
- £900m new prospect pipeline, of which £110m from existing customers



Fisheries & Environment

- £30m completed business
- £500m new prospect pipeline, of which £150m from existing customers



Navigation & Safety

- 2022/2023 60% growth to £12m revenue, at 45% gross profit margin
- Network of +3,000 distributors, dealers and OEM's
- New product launches scheduled

Revenues

→ Blend of global government, commercial and private customers

→ Repeat and recurring revenue

→ Software

→ Hardware

→ Data Services

Business model and financials

Financial highlights

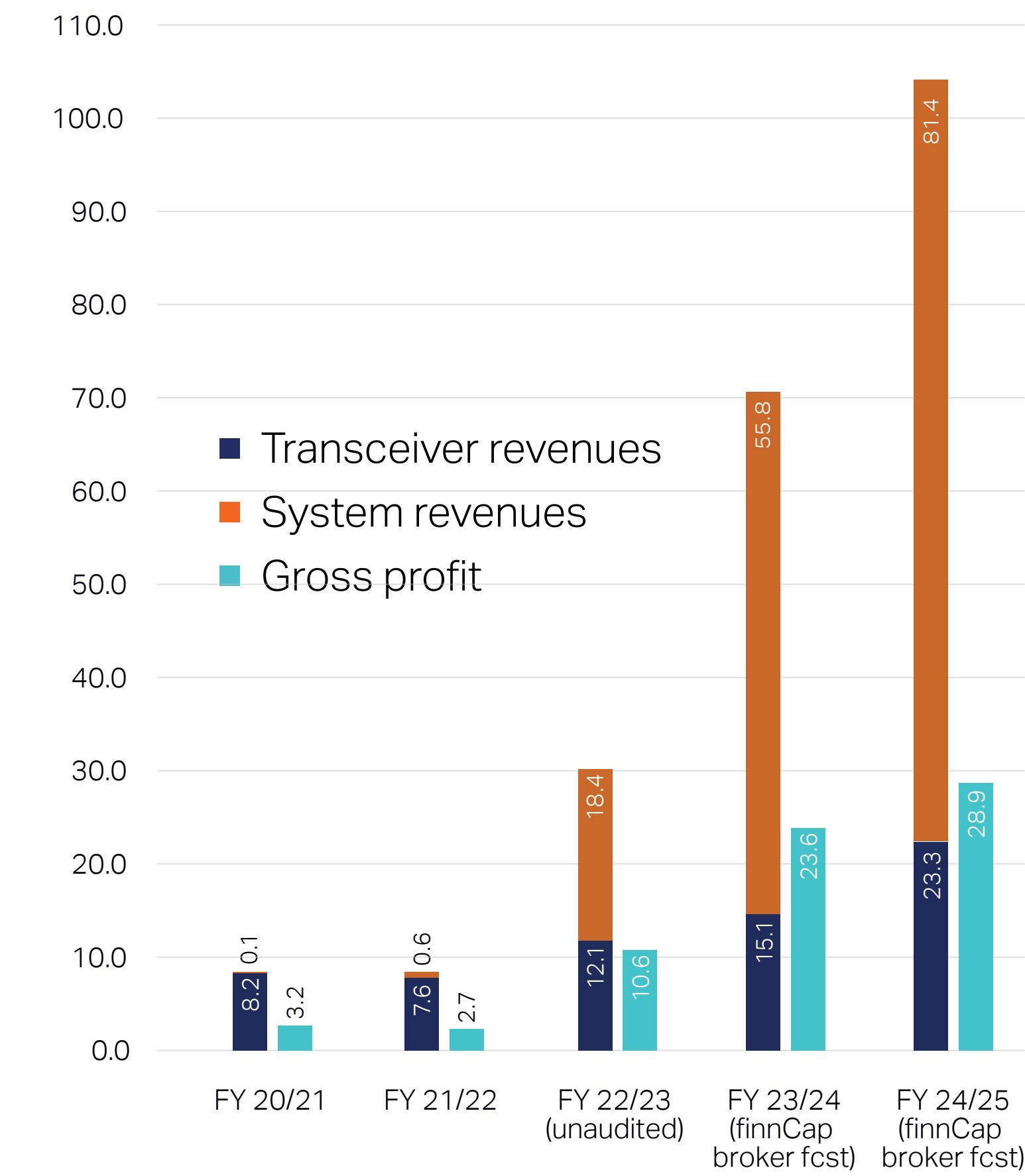
(12 months ending March 2023)

- 265% increase in revenues to £30m.
- EBITDA £2.5m.
- £20m headroom increase in standby loan note programme.
- £11.5m cash payments from system customers as per contracts.

Critical business metrics

- Scalable business model. Overheads decoupled from revenue growth.
- Defensible profit margins and market pricing.
- Wide spread of customers across multiple global markets.
- Repeat and recurring revenue streams from hardware, software, data and services.

Revenues and gross profit (£m)



2023/24 forecasts underpinned by contracts, with further upside potential from pending new contracts.

Revenues contingent on project implementation schedules which may vary.

New system contract pipeline

Growing pipeline offers significant upside potential

£1.4 bn

New Systems Contract Pipeline expected to continue to grow. (Includes £260m follow-on from existing customers)

2023 2024 2025 2026 2027 2028

~£380m

New Systems Contract Pipeline expected to continue to grow. (Includes £260m follow-on from existing customers)

~£1.02bn

At various early/medium stage

Value of each system contract typically realised over 2 year implementation period.

SRT expect most system customers to be source of long-term business through multiple follow-on contracts.

Contract 1:

Keystone contract

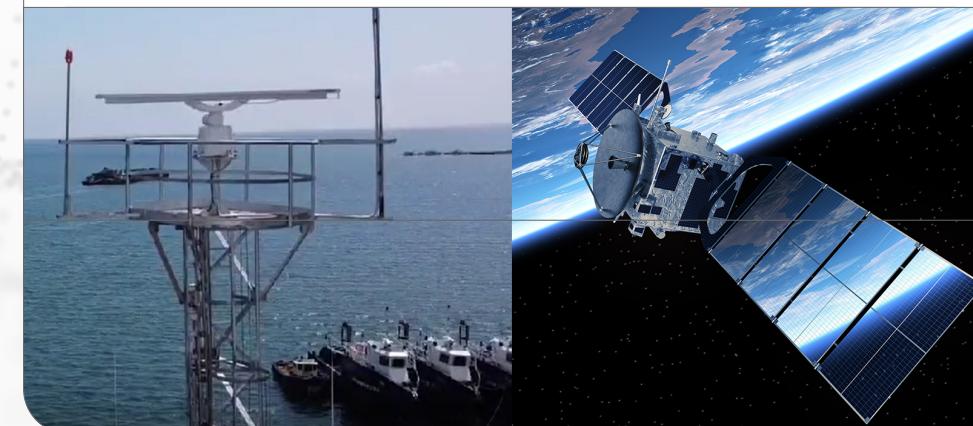
Typically establishes fundamental operating system upon which the rest of the system integrates.



Contract 2:

New systems capacity

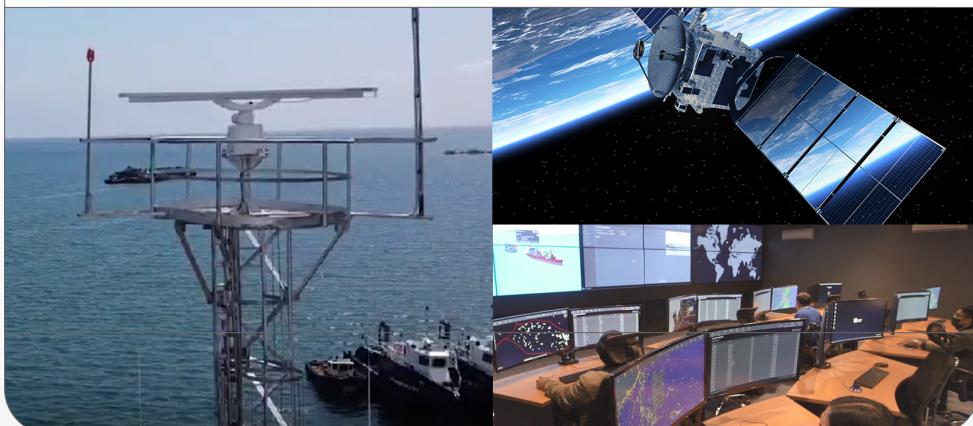
As a customer uses new systems, they want to add additional users, sensor systems or data to enhance the effectiveness of the solution.



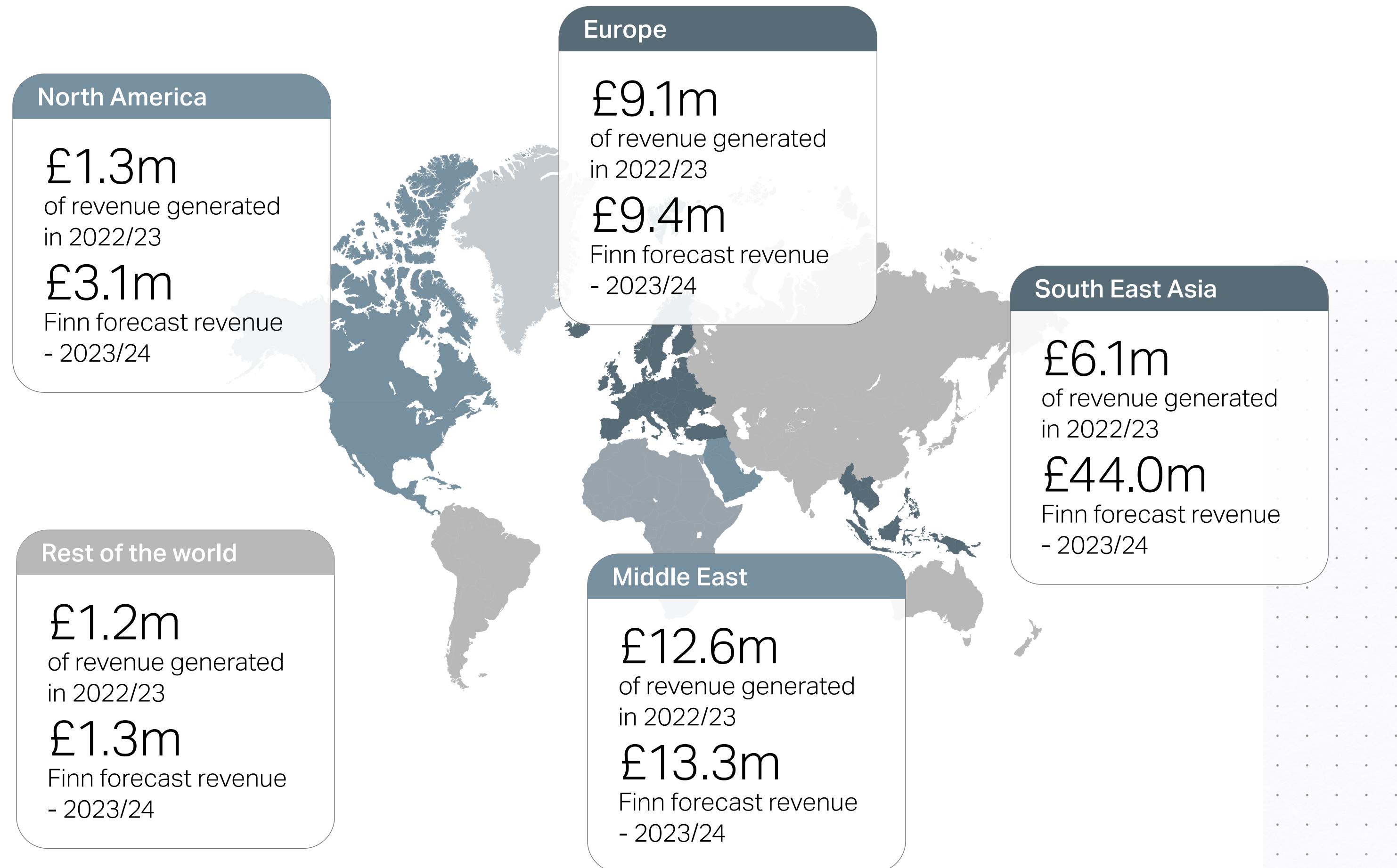
Contract 3:

New systems capacity

Customer will continue to add new sensor systems and data, command centres, etc.



Business growth drivers



Fundamental factors driving build-up of multi-billion pound global market and SRT growth

- Broker (Finn) forecast for revenues to grow from £30m YE-Apr-23, to £71m in current year (YE-Apr-24).
- Underpinned by £160m of existing system contracts and growing transceivers business.
- Upside potential from £380m of new system contract opportunities (from new and existing customers) which are at mature stage.
- Potential further upside over 1 to 5 years from ~£1bn of new contract opportunities currently in earlier stages of the sales process.
- Pipeline expected to continue to grow with new opportunities from existing and new customers.

Summary

Profitable and growing

Rapidly growing business with first mover advantage in global multi-billion pound market.

Experienced team

Established company team led by experienced management.

Global market

Fundamental long-term market demand drivers across many segments.

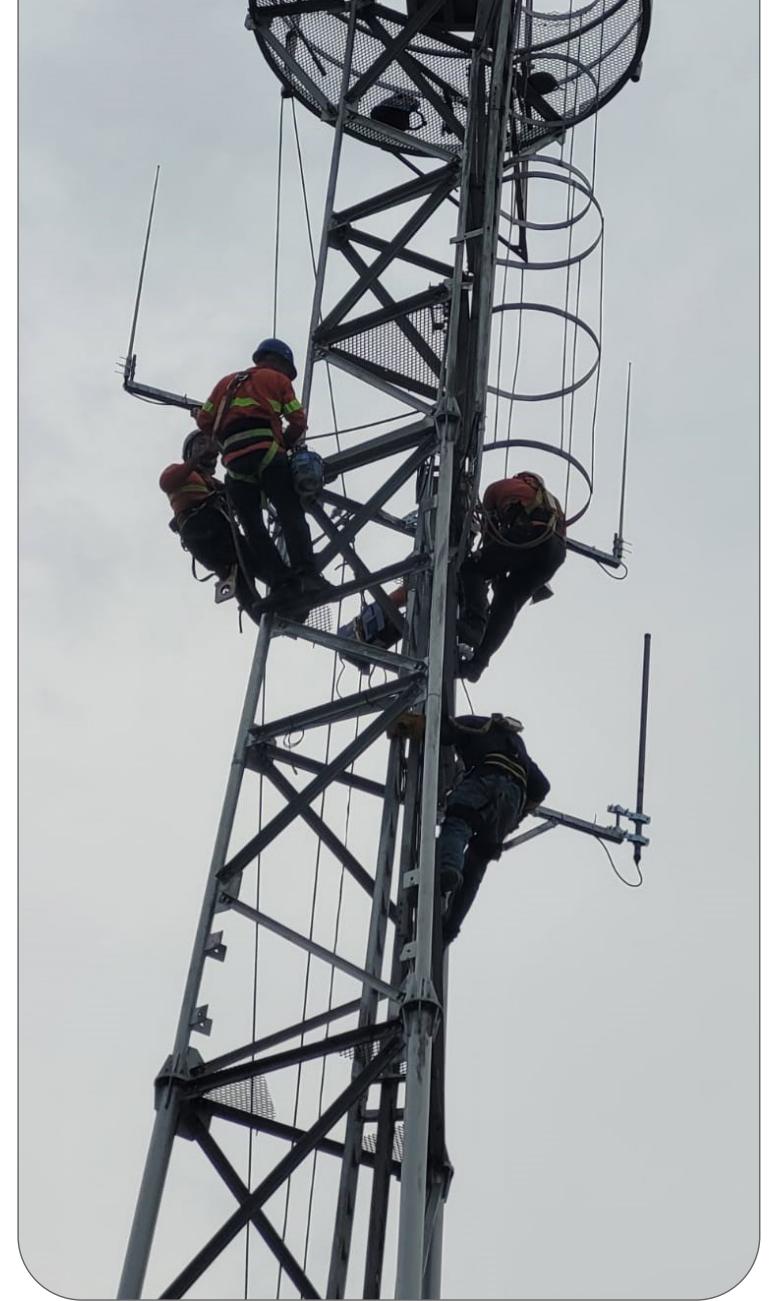
Established market position

Defensible position – established brand, customer networks, distribution, technology and products.

Significant and growing pipeline

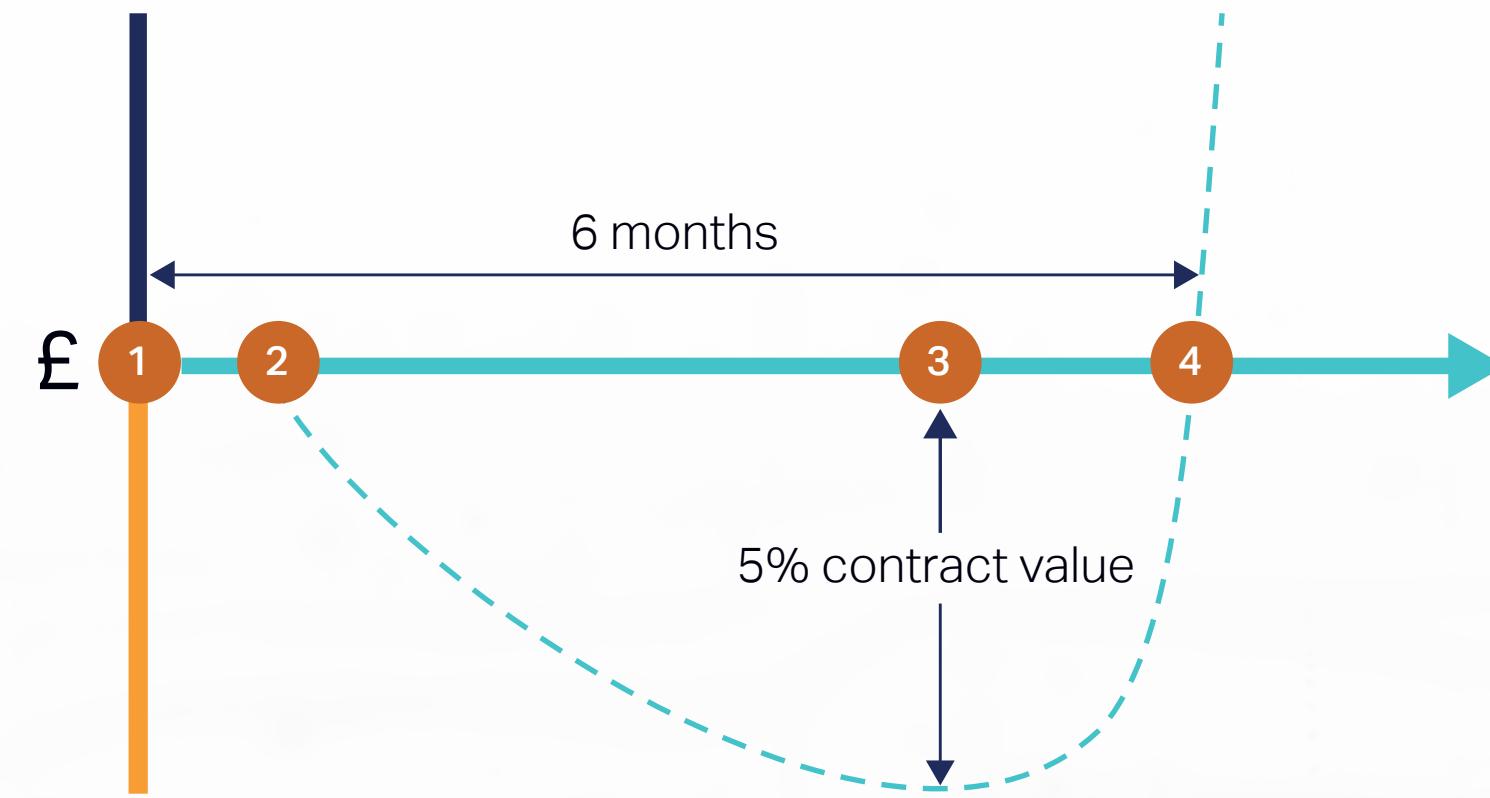
£160m of existing contracts, medium-term upside from £1.4bn of new prospect pipeline from existing and new customers.

Appendix 1



Appendix 2 - Working Capital Dynamics

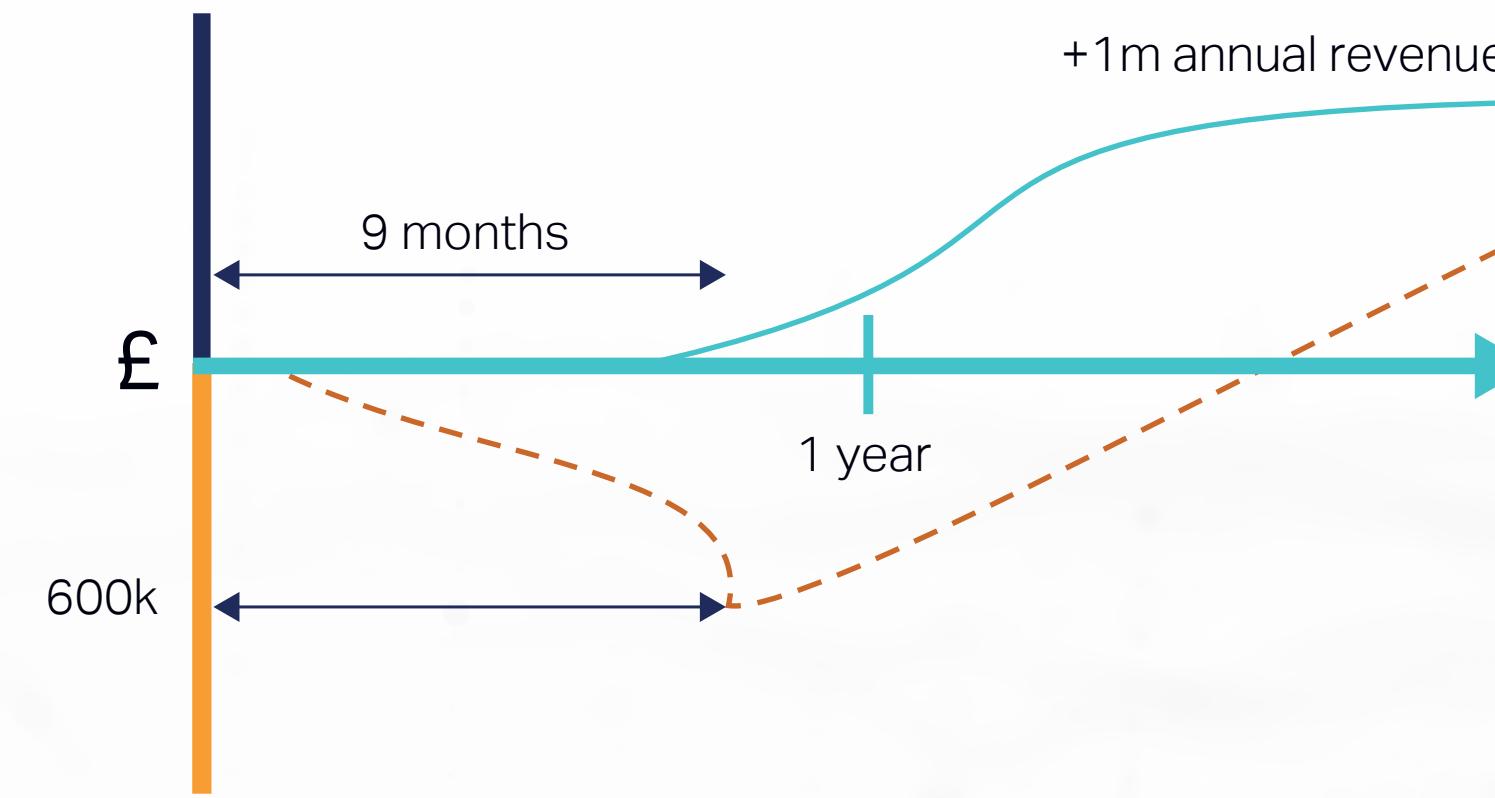
Systems – security & fisheries



1. Contract signed.
2. Equipment purchasing begins – done in phases over project duration depending on implementation schedule.
3. First delivery and invoice; typically, 2 to 4 months after contract signing.
4. Cash payment of invoice – 1 to 4 months.

First milestones typically have high software weighting and, thus, the highest margins.

Navigation transceivers



- 9 months end-to-end production lead time: component ordering, manufacturing.
- For each £1m of annual revenue increase, approximately £600k working capital is required for period's first 9 months, reducing to £0 after next 9 months through profit generation.

Appendix 3

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