RNS Number : 1688B
Enteq Technologies PLC
21 August 2024

Enteq Technologies plc

("Enteq" or the "Company")

Final Results

Enteq Technologies plc (AIM: NTQ.L), the specialist energy services engineering and technology company, today announces its audited final results for the year ended 31 March 2024.

Key features

- Successful proof of SABER during a series of downhole drilling trials in the United States. Post year end currently in customer field testing in an operational environment.
- Filed additional patents covering the key operating regions with one new patent granted in United Kingdom and more pending.
- Third-party IP valuation completed giving confidence in potential.
- Strategic sale of the XXT intellectual property and assets for $3.1 million, completed on time and as planned, during the year ended 31 March 2024 with the final payment received post year-end.
- Increased customer engagement, focused on the key international operating regions.
- SABER fleet build underway, with initial units deployed to a customer location and more under construction.
- Centralised technology development and engineering in a new leased facility in Houston, United States.
- Continued investment in the SABER project of $1.8 million (2023: $2.6 million) and a further $0.4 million (2023: nil) of fleet build expenditure.
- Closing cash balance of $3.0 million (2023: $5.4 million).

Financial metrics

		2024		2023	
	Units	**Continuing operations**	**Discontinued operations**	Continuing operations	Discontinued operations
Revenue	USD million	**-**	**-**	-	6.2
Gross profit margin	%	**-**	**-**	-	23.5%
Underlying overheads *	USD million	**(3.2)**	**-**	(1.7)	(1.6)
EBITDA	USD million	**(3.2)**	**1.0**	(1.7)	(0.2)
Profit/(loss) after taxation **	USD million	**(3.1)**	**1.0**	(1.4)	(1.4)
Profit/(loss) after taxation per share	US cents	**(4.4)**	**1.4**	(2.0)	(2.0)
Cash and cash equivalents	USD million	**3.0**	**-**	5.4	-
Investments in fleet build	USD million	**0.4**	**-**	-	-
Investments in engineering projects	USD million	**1.8**	**-**	2.6	-

* *Prior to any intercompany interest charges*

** *All central costs have been allocated to continued operations*

Outlook

During the year ending 31 March 2025 the Group expects:

- Robust market for Directional Drilling.
- Demand for more efficient competition.
- Full commercialisation of SABER.
- Regional partnerships to maximise deployment of SABER.

The 2024 information set out herein has been extracted from the audited annual report and accounts for the year ended 31 March 2024. The Group is dependent on its ability to fund operations going forward, which is dependent on the underlying valuation of its key assets relating to the SABER tool and the ability to realise value from these assets in the future. Cash flow forecasts prepared up to 30 September 2025 show sufficient cash resources to enable the funding of working capital, completing the testing of the SABER tool fleet and the completion of the build of the initial set of SABER tools in the fleet to enable the generation of revenue from this new technology. Cash and cash equivalents at 31 March 2024 were $3.0 million (audited) and at 31 July 2024 were $1.8 million (unaudited).

Andrew Law, CEO of Enteq Technologies plc, commented:

"*With a fundamentally robust energy market, we expect to see strong demand in the industry for new competition*

With a fundamentally robust energy market, we expect to see strong demand in the industry for new competition, notably in the RSS sector of drilling. As such, we have been making progress towards securing customer agreements to cover the key regions around the world.

With the technology now having been proven in trials including full operational test environments, we look forward to successful conclusion of the current customer test, and then on to commercial/revenue generating activity commencing shortly.

The Company looks forward to fully introducing this potentially disruptive technology into the market. The focus of commercialisation of SABER is through deployment with new and existing customers in the key regions."

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Andrew Law, Chief Executive Officer

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Ed Frisby, George Lawson (Corporate Finance)

Andrew Burdis (ECM)

COMBINED CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

Enteq Technologies PLC ("Enteq" or "the Company" or "the Group") has a track record of developing and commercialising technologies for the oil, gas, geothermal and other energy transition sectors around the world. The primary focus for the Group is the commercialisation of SABER (Steer-At-Bit Enteq Rotary), a novel alternative to existing Rotary Steerable Systems ("RSS") which steer the bit during the drilling of a well.

The SABER tool is based on a concept for a RSS, originally developed by Shell, as an alternative, simpler solution to the conventional mechanically complex incumbent RSS systems requiring pads or pistons to create steering forces. The SABER tool reduces the mechanical complexity by using an internally directed fluid pressure differential system. The SABER tool achieves true at-bit steering for the first time in the industry and the simplified design gives the potential to improve efficiencies, reliability and project uptime compared to conventional RSS solutions.

The Group has licence agreements in place with subsidiaries of Shell which gives Enteq the global rights for this novel technology and IP. Enteq has developed and refined the concept for commercial use, with Enteq generating additional protected IP. Following successful field testing, the SABER tool is now in customer trials prior to commercial deployment.

The global RSS market is worth approximately $3.6 billion annually and is a sub-set of the broader directional drilling market, worth $11.8 billion annually, according to a recent 2023 report from Spears [(1)]. The SABER tool has the potential to drive operational efficiency across the world's directional drilling applications, including hydrocarbon production, geothermal energy, methane capture and CCS (carbon capture and storage). The Group will provide the SABER tool to customers through a service arrangement or equipment purchase, providing independent and regional directional drilling companies more opportunity to compete with major integrated service companies which have to date dominated this segment.

The Group's centre of product development and technical support has moved to a newly rented facility in Houston, United States, closer to vendors and customers, with the Board based in the United Kingdom and the United Arab Emirates. Additional international business is supported through a network of experienced third party sales team representatives.

[(1)] *Source: Spears and Associates, Directional Drilling Report, Q2 2023*

Strategic sale of XXT

The sale of XXT, a Measurement While Drilling ("MWD") technology was the outcome from a strategic review deciding to focus the business primarily on the development and commercial deployment of SABER. The RSS market has a significantly larger addressable market size and will offer greater competitive differentiation and potential margin generation.

The XXT intellectual property (previously amortised over time to a book value of nil) and associated product lines and trademark, together with selected technology agreements, customer account receivable balances and inventory were sold for a cash consideration of $3.1 million, with the final payment received in May 2024, successfully completing the sale.

Review of the year

The financial year ended 31 March 2024 was focused on demonstrating that Enteq's SABER tool could operate and steer effectively, which was successfully concluded. This provided further proof-points for this fundamental concept, building on the previous testing by Shell which also proved that this novel concept works. In addition, efforts during the year were focused on building customer demand and positioning the Group for the commercialisation of SABER in this current year.

The SABER tool was successfully proven by Enteq in two separate series of downhole drilling tests in a real drilling environment in the United States, where the concept demonstrated that the system does steer effectively under operational conditions. This builds on the previous proof of principle testing completed by Shell and by Enteq in Norway.

To build and prove customer demand, the Group has increased the level of engagement with customers, with customers attending drilling tests, and the Group sharing results of the successful testing. Enteq has determined that the technical performance of SABER can deliver a commercially viable tool to address the needs of customers around the world.

To prepare for commercialisation the Group has centralised the technical, operations and engineering team in Houston, United States and has benefitted from bringing the engineering in-house to lock-down the design of the commercial tool, initiating the fleet-build and engaging with potential customers and distribution partners. Additional IP has been filed and granted, with a United Kingdom patent granted to Enteq in August 2023.

Following the significant overhead reductions made in recent years, the underlying overheads have remained steady in comparison to the previous year.

The year's financial results are fully explained in the Financial and Market Review.

The Enteq Team

There were a total of 11 employees at the end of the year, down from the 13 at the previous year-end, following the sale of XXT. The Board would like to recognise the on-going loyalty, dedication and support of the team, both the Group's employees and the team of trusted consultants, suppliers and partners, as Enteq continues to develop this exciting technology and introduces it to the market.

Reporting and performance indicators

The following Key Performance Indicators, unchanged from the previous year, are used. These are reported to senior management who review, initiate action where required and follow-up.

Financial:

- Revenue, gross profit margin, EBITDA and capital expenditure (financial metrics are explained in the Financial and Market Review).

Other performance measures:

- Progression of technology development; and
- Headcount and number of reportable Health and Safety Executive ("HSE") incidents.

Key market indicators regularly monitored by management and the Board of Directors include: Global Rig Count, North American Rig Count, Oil Prices (both West Texas Intermediate and Brent) and the Henry Hub Natural Gas Price.

Governance

Enteq is committed to maintaining high standards of Corporate Governance and has adopted the Quoted Company Alliance Code of Corporate Governance.

Section 172 statement

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so a director of a company must have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term;
(b) The interests of the company's employees;
(c) The need to foster the company's business relationships with suppliers, customers and others;
(d) The impact of the company's operations on the community and the environment;
(e) The desirability of the company maintaining a reputation for high standards of business conduct; and
(f) The need to act fairly as between members of the company.

The Board reviewed their current approach to corporate governance and decision making, engagement with stakeholders and the Group's impact on the environment. The following summarises how the Board fulfils its duties under Section 172.

<u>Decision making</u>

The Board ensures that strategic initiatives feed directly into one or more of the following fundamental ambitions - to be simple to do business with; to be at all times customer oriented and inspire trust; and to achieve operational excellence; as well as agility, speed and innovation. The Board review and consider the various stakeholders when arriving at recommended business decisions consistent with the strategy. The Group strategy aims to be competitive, flexible and resilient while also responding to a rapidly changing market situation. All decisions are reviewed at each Board meeting and specifically at the annual Strategic Review. Examples of Board decision making during this reporting period include:

- Reviewing the SABER commercial and technical progress;
- Reviewing the Group's operational structure to ensure the organisational model remains fit for the future; this included the streamlining of staff numbers and re-allocation of responsibilities;
- Reviewing of the skill set within the SABER team to maximise the chances of successfully introducing this new product line; and
- Reviewing the Group's long-term strategic objectives. The progress made during the year and principal risks to these objectives have been addressed both in the Strategic Report and the Review of Principal Risks and Uncertainties.

<u>Employee engagement</u>

The Board recognises that the staff are the most valuable asset in the business. The Group strives to invest in training, coaching, and skills acquisition, appropriate to the size of the Group and the team. Personal development of employees remains a key pillar of the Group's strategy. The Board aim to be a responsible employer in the approach to the pay and benefits of employees. Furthermore, the health, safety and wellbeing of the staff is one of the primary considerations in the way the Group does business.

Examples of the Board's engagement with employees this reporting period include:

- Holding staff briefings on both the full year and interim results;
- Requesting that all employees participate in the monthly health and safety meetings; and
- Reviewing the output of each of these meetings at Board meetings.

<u>Business relationships</u>

The Board engages with a variety of stakeholders, including shareholders, customers, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst maintaining the Group's strategy. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Group's integrity, brand and reputation.

Examples of the Board's engagement with stakeholders during the reporting period include:

- Receiving regular customer service performance updates and feedback from potential customers to assist in decision making regarding new customer focused initiatives;
- Working with both suppliers and potential customers to assist where these stakeholders may be experiencing cashflow difficulties due to prevailing market conditions; and
- Holding regular meetings with shareholders to explain both the full year and interim results to assist investors to understand the strategic direction of the Company.

<u>Environment and stakeholders</u>

Sustainability is an increasing focus within all the Group's activities. The Board recognises the relevance of leading the Group in such a way that it contributes to its stakeholders and the wider society. The Group has recently committed to Net Zero on the SME Climate Hub programme and is a member of the Global Methane Initiative.

<u>Culture and values</u>

The Group's culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct in order to secure long term success. The Group is focused on people, with both customers and employees being at the heart of its business. The Group embraces diversity, flexibility, sustainability and continuous improvement throughout the organisation. The Group has a customer centric philosophy with transparent, fair and simple processes. The Board and senior management have taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

<u>Prospects</u>

With a fundamentally robust energy market, the demand for efficient directional drilling technologies continues to increase, alongside a strong demand in the industry for competition, notably in the RSS market.

Building on the foundation of successful proof-of-concept trials in July 2023 and February 2024, Enteq's SABER technology is in customer testing in an operational environment with units currently in Australia with a long-standing customer. Additional customer agreements are currently being pursued covering the key regions.

The Board is confident of progressing with the commercialisation of the SABER tool and looks forward to fully introducing this potentially disruptive technology into the market. The focus is on the commercialisation of SABER through increasing the number of available tools and future deployment with new and existing customers in the key regions. This technology has the potential of producing attractive financial returns and a significant upside in shareholder value.

FINANCIAL AND MARKET REVIEW

Market review

There is a significant potential addressable market for the SABER Tool, which is an RSS technology within the Directional Drilling market. RSS captures $3.6 billion of the $11.8 billion Directional Drilling annual global spend.

The RSS market for onshore United States and Canada is estimated at $1 billion per year(1), and independent Directional Drilling companies provide the majority of onshore drilling services (versus multinational companies)(2). The international onshore market for RSS (excluding North America) is estimated at $1 billion per year(3).

The top three major multinational service companies currently generate approximately 60% of the global Directional Drilling market through proprietary technologies(1). Independent Directional Drilling and regional service companies need access to third party technologies (such as SABER) to compete.

(1) *Source: Spears and Associates, Directional Drilling Report, Q2 2023*

(2) *Kimberlite Report IADD forum*

(3) *Management estimate*

Statement of profit and loss

This is a pro-forma statement of profit and loss which differs in presentation to the statutory format.

	2024		2023	
	Continuing operations USD million	**Discontinued operations USD million**	Continuing operations USD million	Discontinued operations USD million
Revenue	**-**	**-**	-	6.2
Cost of sales	**-**	**-**	-	(4.8)
Gross profit	**-**	**-**	-	1.4
Overheads	**(3.2)**	**-**	(1.7)	(1.6)
Gain on sale	**-**	**1.0**	-	-
EBITDA	**(3.2)**	**1.0**	(1.7)	(0.2)
Depreciation, depletion and amortisation	**(0.1)**	**-**	-	(1.2)
Operating (loss)/profit	**(3.3)**	**1.0**	(1.7)	(1.4)
Interest	**0.2**	**-**	-	-
Profit/(loss) before taxation	**(3.1)**	**1.0**	(1.7)	(1.4)
Taxation	**-**	**-**	0.3	-
Profit/(loss) after taxation	**(3.1)**	**1.0**	(1.4)	(1.4)

Total underlying overheads were $3.2 million for the financial year (2023: $3.3 million). Following the sale of XXT, the Group incurred additional one-off overheads such as centralising the technology development and engineering in a new leased facility in Houston, in an effort to streamline business costs, focus on the ongoing development and testing of SABER and commence commercialisation efforts. An impairment charge on right of use assets of $0.1 million (2023: nil) is included in overheads as a result of this restructure.

The gain on sale in 2024 shown above includes the gain on sale of the XXT business and the final minor revenues from the sale of discontinued MWD stock.

Statement of financial position

This is a pro-forma statement of financial position which is different in presentation to the statutory format.

The Group's net assets at the financial year-end comprised of the following items:

	2024 USD million	2023 USD million
Intangible assets	**8.3**	6.4
Property, plant and equipment	**0.5**	0.1
Net working capital	**(1.1)**	(1.0)
Cash and cash equivalents	**3.0**	5.4
Deferred consideration	**0.5**	-
Assets held for sale	**-**	2.2
Right-of-use assets	**0.2**	-
Lease liabilities	**(0.3)**	-
Net assets	**11.1**	13.1

Both the closing balance and the increase in the year in the intangible assets relate to the on-going spend on the SABER rotary steerable system.

The increase in net book value of property, plant and equipment is primarily due to additions in assets under construction relating to SABER tool build.

Cash flows

This is a pro-forma statement of cash flows which is different in presentation to the statutory format.

Overall, the Group saw a net cash outflow of $2.4 million (2023: net cash inflow of $2.1 million). The major elements of the non-operational cash flow relates to the on-going investment activities in engineering projects, primarily the SABER tool.

	2024 USD million	2023 USD million
Opening cash and cash equivalents	**5.4**	3.3
Operating cash flows	**(3.0)**	0.9
Investing cash flows	**0.6**	1.1
Net cash (out)/in flow	**(2.4)**	2.1
Closing cash and cash equivalents	**3.0**	5.4

Financial capital management

The Group had no bank borrowings, or other debt, and had a closing cash position of $3.0 million at year-end (2023: $5.4 million).

The Group monitors its cash balances daily and operates under treasury policies and procedures which are set by the Board.

The financial statements are presented in US dollars ("USD" or "$") as the Group's primary economic environment, in which it operates and generates cash flows. Apart from the United Kingdom based overhead costs which are transacted in Pound sterling ("GBP"), substantially all other transactions are transacted in USD.

The Group is subject to foreign exchange rate fluctuations to the extent that it holds non-US dollar cash deposits. The year-end GBP denominated holdings are approximately 3.0% of the total Group cash holdings (2023: 5.0%).

Annual Report and Annual General Meeting

The Company's Annual General Meeting will be held on 25 September 2024 at 11am at the offices of Cavendish Capital Markets, 1 Bartholomew Close, London, EC1A 7BL. The Company's 2024 Annual Report and Accounts will be available on the Company's website later today and will be posted to those shareholders who have requested to receive copies.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	**2024 USD '000**	2023 USD '000
Continuing operations			
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit/(loss)		**-**	-
Administrative expenses	5	**(3,256)**	(1,680)
Foreign exchange	5	**(34)**	5
Operating loss		**(3,290)**	(1,675)
Finance income	6	**211**	37
Finance costs	6	**(29)**	-
Loss before taxation		**(3,108)**	(1,638)
Taxation	7	**-**	280
Loss from continuing operations		**(3,108)**	(1,358)
Discontinued operations			
Profit/(loss) from discontinued operations	20	**990**	(1,446)
Total comprehensive loss for the year		**(2,118)**	(2,804)
Earnings per share (in US cents) from continuing operations:			
Basic	9	**(4.4)**	(2.0)
Diluted	9	**(4.4)**	(2.0)
Earnings per share (in US cents):			
Basic	9	**(3.0)**	(4.0)
Diluted	9	**(3.0)**	(4.0)

The accounting policies and the notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2024

	Note	**2024 USD '000**	2023 USD '000
Non-current assets			
Intangible assets	10	**8,328**	6,484
Property, plant and equipment	11	**481**	63
Right-of-use assets	16	**176**	-

	Note	2024	2023
		8,985	6,547
Current assets			
Trade and other receivables	12	**375**	237
Cash and cash equivalents	13	**2,989**	5,351
Deferred consideration receivable	22	**467**	-
Assets held for sale	21	**-**	2,184
		3,831	7,772
Total assets		**12,816**	14,319
Current liabilities			
Trade and other payables	15	**1,444**	1,243
Lease liabilities	16	**94**	-
		1,538	1,243
Non-current liabilities			
Lease liabilities	16	**200**	-
		200	-
Net assets		**11,078**	13,076
Equity			
Share capital	17	**1,104**	1,080
Share premium	17	**92,280**	92,037
Share based payment reserve	17	**10**	448
Retained earnings	17	**(82,316)**	(80,489)
Total equity		**11,078**	13,076

The accounting policies and the notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital USD '000	Share premium USD '000	Share based payment reserve USD '000	Retained earnings USD '000	Total USD '000
Equity as at 1 April 2022	**1,072**	**91,919**	**432**	**(77,894)**	**15,529**
Loss for the year	-	-	-	(2,804)	(2,804)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,804)	(2,804)
Issue of shares	8	118	-	-	126
Share based payment charge	-	-	225	-	225
Transfers between reserves	-	-	(209)	209	-
Total transactions with owners of the Company	8	118	16	209	351
Equity as at 31 March 2023	**1,080**	**92,037**	**448**	**(80,489)**	**13,076**
Loss for the year	-	-	-	(2,118)	(2,118)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,118)	(2,118)
Issue of shares	24	243	-	-	267
Share based payment credit	-	-	(147)	-	(147)
Transfers between reserves	-	-	(291)	291	-
Total transactions with owners of the Company	24	243	(438)	291	120
Equity as at 31 March 2024	**1,104**	**92,280**	**10**	**(82,316)**	**11,078**

The accounting policies and the notes form an integral part of these financial statements.

Further detail of share capital, share premium, share based payment reserve and retained earnings can be found in Note 18.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 USD '000	2023 USD '000
Cash flows from/(used in) operating activities		
Profit/(loss) before taxation from continuing operations	**(3,108)**	(1,638)
Profit/(loss) from discontinued operations	**990**	(1,446)
	(2,118)	(3,084)
Adjustments for:		
Finance income	**(211)**	(37)
Finance expenses	**29**	
Depreciation and amortisation	**104**	1,162
Impairment of right of use assets	**92**	-
Shares issued to employees in lieu of salary	**267**	-
Gain on sale of property, plant and equipment	**-**	(292)
Gain on sale of discontinued operations	**(941)**	-
Share based payment (credits)/charges	**(147)**	225
Foreign exchange difference	**34**	5
Operating cash (out)flows before movements in working capital	**(2,891)**	(2,021)
Decrease/(increase) in inventories	**-**	1,681
(Increase)/decrease in trade and other receivables	**(138)**	1,853
(Increase) in rental fleet assets	**-**	(255)
Increase/(decrease) in trade and other payables	**153**	(617)
Operating cash (out)/in flows	**(2,876)**	641
R&D tax relief credit received	**-**	280
Net cash (used in)/generated from operating activities	**(2,876)**	921
Cash flows generated from/(used in) investing activities		
Purchase of property, plant and equipment assets	**(441)**	(25)
Disposal proceeds from property, plant and equipment assets	**-**	2,266
Expenditure on intangible assets	**(1,844)**	(2,639)
Proceeds from sale of discontinued operations	**2,659**	-
Funds placed on interest bearing deposit	**-**	1,500
Interest received	**163**	37
Net cash generated from investing activities	**537**	1,139
Net (decrease)/ increase in cash and cash equivalents	**(2,339)**	2,060
Foreign exchange movement	**(23)**	(5)
Cash and cash equivalents at the beginning of the financial year	**5,351**	3,296
Cash and cash equivalents at the end of the financial year	**2,989**	5,351

The main non-cash movements in the above statement of cash flows are depreciation and amortisation of $104,000 (2023: $1,162,000); shares issued to employees in lieu of salary of $267,000 (2023: nil); share based payment credit of $147,000 (2023: $225,000 charge); and impairment of right of use assets of $92,000 (2023: nil).

The accounting policies and the notes form an integral part of these financial statements.

1 GENERAL INFORMATION

The principal activities of Enteq Technologies PLC ("Enteq" or "the Group" or "the Company") and its subsidiaries is that of acquiring, consolidating and operating companies providing specialist reach and recovery products and technologies to the oil and gas services market.

Enteq Technologies PLC, the Group's ultimate parent Company, is a limited liability Company incorporated and domiciled in England and Wales with its registered office at 7 Albert Buildings, 49 Queen Victoria Street, London, EC4N 4SA. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006. They have been prepared under the assumption that the Group operates on a going concern basis.

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in United States Dollars ("USD or "$") and are rounded to the nearest thousand, except for earnings per share ("US cents").

The Group's financial statements are presented in USD as the Group's primary economic environment, in which it operates and generates cash flows uses this currency.

Going concern

The consolidated financial statements of the Group are prepared on a going concern basis. The Directors of the Group assert that the preparation of the consolidated financial statements on a going concern basis is appropriate, which is based upon a review of the future forecast performance of the Group for a period exceeding 12 months to 30 September 2025.

The Group monitors its funding and liquidity position throughout the year to ensure it has sufficient funds to meet its ongoing cash requirements. Cash forecasts are produced based on a number of inputs such as estimated revenues, margins, overheads, collection and payment terms, research and development spend and capital expenditure requirements. In preparing these forecasts, the Directors have considered the principal risks and uncertainties to which the business is exposed. As at 31 March 2024, the Group has available cash balances of $3.0 million (2023: $5.4 million) and no debt.

Cash flow forecasts prepared up to 30 September 2025, show sufficient cash resources to enable the funding of working capital, completing the testing of the SABER tool fleet and the completion of the build of the initial set of SABER tools in the fleet to enable the generation of revenue from this new technology. The Directors performed sensitivity analysis on the going concern assumptions to determine whether plausible downside scenarios which include cash conservation, leave the company with sufficient headroom. The cash forecasts indicate that the Group has adequate financial resources to continue to trade for the foreseeable future and meet its obligations as they fall due.

Adoption of new and revised standards

The Group applied for the first time certain standards and amendments. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023)</u>

The amendments to IAS 1 and IFRS Practice Statement 2 "Making Materiality Judgements" provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had no impact on the Group's disclosures, nor on the measurement, recognition or presentation of any items in the Group's financial statements.

Future standards, amendments and interpretations

The following standards, amendments and interpretations are effective subsequent to the year end (years commencing 1 January 2024), and have not been early adopted. The Directors do not expect that the adoption of the standards and amendments listed below will have a material impact on the financial statements of the Group in future periods.

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Classification of Liabilities as Current or Noncurrent - Deferral of Effective Date
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

Compliance with applicable law and IFRS

The consolidated Financial Statements comprise those of the Company and its subsidiaries (together the "Group"). The consolidated Financial Statements of the Group have been prepared on the going concern basis and under the historical cost convention in accordance with UK International Accounting Standards, and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as at 31 March 2024. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 March 2024.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Companies included in the consolidation:

	Country of incorporation	Nature of business	Group holding
Enteq Technologies USA Inc. (registered office at 533 Rankin Road, Houston, TX 77073, United States of America)	United States of America	Manufacture of down hole drilling equipment	100%
Enteq Upstream Limited (registered office at The Courtyard, 69 High Street, Ascot, SL5 7HP, United Kingdom)	England and Wales	Dormant (dissolved 25 July 2023)	100%

The financial statements of subsidiaries are included in the consolidated financial statements from the date at

The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control commences to the date that control ceases. There are no non-conforming accounting policies in any of the subsidiaries.

Foreign currencies

All companies in the Group have a functional currency of USD.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial year-end date are retranslated to the functional currency at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The exchange rate used at the year-end is GBP 1.00: USD 1.26 (2023: GBP 1.00: USD 1.24).

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive members of the Board, at which level strategic decisions are made.

Revenue

Revenue from the discontinued business arose mainly from the sale and rental of Measurement While Drilling ("MWD") equipment. The revenue generated from the SABER tool is expected to also rise from the sale and rental of equipment. To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers

Revenue is derived from selling equipment and is recognised at a point in time, when the Group satisfies performance obligation by transferring the promised goods to its customers. Revenue is recognised when the transfer of control takes place; this is taken to be at the point of despatch from the Group's facilities when the full legal title is transferred. The price is fixed from when the relevant sales order is received from the customers.

Rental - Operating leases

Revenue from rentals of equipment received under operating leases is recognised in the profit and loss account as the performance obligation under the lease contracts is satisfied over time, i.e. on a straight-line basis over the period of the lease. This revenue is deemed to be outside of the scope of FRS 16 'Leases' on the basis that the lessee has the right to cancel the lease and return the equipment at any time after the minimum rental term (typically the first 3 months). Following the return of the equipment the lessee has no further financial obligations and at no time during the rental period does lessee obtain legal title to the equipment.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service. Expenditure for warranties is recognised and charged in the period the warranty costs are incurred.

Exceptional items

Exceptional items are items of income and expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of our financial performance and distort the comparability of our financial performance between periods.

Exceptional items relate to such categories as impairment charges, and severance costs.

Intangible assets

(a) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment.

(b) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except that expenditure incurred on development projects is capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if the Group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset;
- the availability of adequate technical, financial and other resources to complete the asset under development; and
- its intention to complete the intangible asset and use or sell.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period. Development expenditure is amortised on a straight-line method over the useful lives of each product from when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Subsequent measurement

All intangible assets including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below.

Amortisation

Amortisation is charged to overheads, within total administrative expenses, in the statement of profit and loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are determined separately for each acquisition and fall within the following ranges:

In-process research and development ("IPR&D") technology	5 to 20 years

Property, plant and equipment

Tangible property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is included within administrative expenses for all tangible assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over useful economic life, as follows:

cost, less estimated residual value of each asset on a straight-line basis over useful economic life, as follows:

Land	Not depreciated
Buildings	10 to 35 years
Assets held for rental	Over the life of the asset or the rental period, whichever is the shortest
Other assets	1 to 7 years

Spend on the build of new tools is included in "Assets under construction". Once the new tools are build they are transferred to "Assets held for rental" and depreciated in accordance with their appropriate useful economic life.

Management review the useful economic life and residual values of all assets on an annual basis.

Impairment

The SABER tool equipment and intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use. To determine the value-in-use, an independent external valuation was obtained. The external valuation used management estimates of expected future cash flows from the CGU and determined a suitable interest rate in order to calculate the present value of those cash flows, taking into account management's assessment of respective risk profiles, such as market and asset-specific risks factors. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

For impairment assessment purposes, an impairment test has been carried out associated with the intangible asset relating to the SABER project which is considered to be the only remaining cash generating unit ("CGU") within the Group. Further detail of the impairment review can be found in Note 10. It was concluded that the intangible asset does not need to be impaired (2023: nil).

Leases

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short term and/or of low-value items. Lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as either FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. As the Group has so few customers with significant outstanding receivable balances the expected credit losses can be assessed on an individual customer by customer basis.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, for inventory items that involve significant manufacturing time, includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. The cost of inventory that do not incur significant levels of manufacturing time are held at material cost only. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the year-end date.

Deferred income tax is the income tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred income tax is provided in full and is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred income tax is charged or credited in the statement of profit and loss, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income. Deferred income tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade and other payables

Trade and other payables are not interest-bearing and are recognised initially at fair value. Subsequently they are carried at amortised cost.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Share based payment reserve

Represents the total accumulated share-based payment charge less any amounts transferred following the issue of the relevant shares.

Pensions and short-term employee benefits

Pensions

The Group does not operate its own pension scheme but makes contributions to an individual's personal pension scheme, where appropriate.

Share based payments

The group operates two equity settled compensation plans, the Performance Share plan and the Enterprise Management Incentive plan. The fair value determined at the grant date of the equity settled share based payments is expensed over the vesting period, based on

the Group's estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes and Monte Carlo option

pricing models.

Both these schemes have options that vest three years after the date of grant and expire ten years after that date. The total amounts to be expensed to the Profit and Loss account over the vesting period of the options is determined by reference to the fair value at the date of granting and the number of awards that are expected to vest. The charge is annually reassessed, based on the total number of options expected to vest. The movement in cumulative expense is recognised in the profit and loss, with a corresponding entry to the share-based payment reserve. The Enterprise Management Incentive plan does not have any performance conditions attached whereas the Performance Share plan does.

The Performance Share plan contained either a combination or market and non-market based elements or solely market based elements which are defined as follows:

Market based

The grant date fair value granted takes into account the impact of any market conditions and does not take into account service and non-market conditions. The fair value is not adjusted for subsequent changes in the fair value and differences between estimated and actual outcome of market conditions. If a market condition is not met, then the share based payment cost is nevertheless recognised, assuming that all other vesting conditions are met and even though an employee would not be entitled to receive the share based payment.

Non-market based

Recognition is initially based on the number of instruments for which any required non-market conditions are expected to be met. Subsequently, recognition of share based payment cost is trued-up for changes in estimates regarding the achievement of the conditions at each reporting date and at vesting date so that to reflect the number of instruments for which non-market conditions actually satisfied. If a non-market condition is not met, then no share based payment cost is recognised on cumulative basis and any previously recognised cost is reversed.

Critical accounting estimates and judgements

The preparation of the financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. These will seldom equal the related actual results and adjustments will consequently be necessary. Estimates are continually evaluated based on experience, consultation with experts and reasonable expectations of future events. The carrying value of both the inventory and intangible assets are the key areas where significant judgement are required.

The areas of critical estimates include inventory valuation and impairment assessments and cost recognised relating to the R&D projects capitalised within intangible assets. Accounting judgements are applied in determining the carrying amounts of the following significant assets and liabilities:

Impairment of intangible assets

An impairment test is carried out annually and involves a significant level of judgement and estimates regarding factors such as future growth rates. Senior management base this judgement on the best available industry and market data at that point in time. The critical judgements and estimates are set out in Note 10. As the Group strategy unfolds, these assumptions may change. Any significant downward variance in the assumptions may result in an impairment.

Costs recognised relating to R&D projects capitalised

The Group has to apply judgement in determining whether costs incurred on R&D projects should be capitalised within intangible assets or expensed. The Group has a policy of capitalising development costs as set out above. The judgement is based on the assessment of the nature of capitalised costs and the level of these costs are considered to be directly related based on the criteria set out above, including some of the salary costs. This includes a portion of directors' and employees' salaries as stated in the Note 5.

Discontinued operations

The Group classifies a component of its business as a discontinued operation when it has either been disposed of or is classified as held for sale, and that component represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are presented separately in the statement of profit and loss, showing the results of the discontinued operations, net of tax, distinct from continuing operations. Assets and liabilities of discontinued operations are measured in accordance with the applicable IFRS standards before reclassification as held for sale. Gains or losses on the disposal of discontinued operations are recognised in the period in which the disposal occurs.

Assets held for sale

Non-current assets, or disposal groups, are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation or amortisation on these assets ceases upon classification as held for sale. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the statement of profit and loss.

4 SEGMENTAL REPORTING

For management purposes, the Group is currently organised into a single business unit, the Drilling Tools division, which is currently based solely in the United States.

The principal activities of the Group is the design, manufacture and selling of specialised products for Directional Drilling and Measurement While Drilling ("MWD") operations for use in the oil, gas, geothermal and other energy transition sectors around the world. Revenue in the year was generated from the discontinued business and arose from the sale of MWD equipment.

Following disposal of the XXT business in April 2023, at present, there is only one operating segment relating to SABER and the information presented to the board is consistent with the consolidated profit and loss statement and the consolidated statement of financial position.

The revenues, net assets and non-current assets of the Group can be analysed by geographic location (post-consolidation adjustments) as follows:

Revenues

	2024 USD '000	2023 USD '000
United States of America	**49**	5,846
China	**-**	278
Rest of the world	**-**	56
Europe	**-**	38
Central Asia	**-**	22
Australasia	**-**	3
	49	6,245
Contracts with customers	**49**	5,701
Operating lease income	**-**	544
	49	6,245

Net assets

	2024 USD '000	2023 USD '000
United States of America	**9,031**	8,800
Europe	**2,047**	4,276
	11,078	13,076

Non-current assets

	2024 USD '000	2023 USD '000
United States of America	**8,949**	6,484
Europe	**36**	63
	8,985	6,547

All revenue generated in the year is from discontinued operations. Refer to Note 20 for details on performance of discontinued operations.

5 OPERATING LOSS

Operating losses are stated after charging/(crediting):

	2024 USD '000	2023 USD '000
Auditors' remuneration	**66**	74
Share based payment (credit)/charge	**(147)**	225
Depreciation	**104**	-
Impairment	**92**	-
Foreign exchange loss/(gain)	**34**	(5)

Other significant administrative expenses are detailed below. Depreciation and amortisation charges for 2023 are

Other significant administrative expenses are detailed below. Depreciation and amortisation charges for 2023 are related to discontinued operations (Note 20).

The total employee benefit expenses which are either capitalised or included in administrative expenses are noted below. During the year $0.4 million of the below salaries were capitalised as part of intangible assets (2023: $0.7 million).

	2024 **USD '000**	2023 USD '000
Wages and salaries	**1,338**	1,525
Pension costs	**49**	237
Social security costs	**132**	164
Share based payment (credit)/charge	**(147)**	225
	1,372	2,151

Disclosures on directors' remuneration, share options, long-term incentive schemes and pension entitlements required by the Companies Act 2006 are contained in the tables and notes within the Remuneration Committee report.

The monthly average number of employees during the year was as follows:

	2024 **No.**	2023 No.
Directors	**5**	5
Senior management	**1**	1
Operations	**4**	4
Sales and administrative	**-**	4
	10	14

Services provided by the Group's auditor:

	2024 **USD '000**	2023 USD '000
Fees payable to the Group's auditor for audit of the financial statements	**66**	-
Fees payable to the Group's predecessor auditor for audit of the financial statements	**-**	74
	66	74

6 FINANCE INCOME AND FINANCE EXPENSES

Finance income

	2024 **USD '000**	2023 USD '000
Bank interest receivable	**211**	37

Finance expenses

	2024 **USD '000**	2023 USD '000
Interest on lease liabilities	**29**	-

7 TAXATION

No corporation tax charge arose on ordinary activities for the year. The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2024	2023
	USD '000	USD '000
Profit/(loss) before taxation from continuing operations	**(3,108)**	(1,638)
Profit/(loss) from discontinued operations	**990**	(1,446)
	(2,118)	(3,084)
Tax calculated at the effective tax rate of 25% (2023: 19%)	**(530)**	(586)
Effects of:		
Items not subject to corporation tax	**21**	473
Tax losses to carry forward	**509**	113
R&D tax credit	**-**	280
	-	280

Tax losses for which no deferred tax balances have been recognised are disclosed in Note 8.

8 DEFERRED TAXATION

No deferred taxation balances have been recognised in the financial statements on the basis that the only material balances relate to taxable losses carried forward, which are uncertain as to the recoverability.

The total losses available to the Group in the relevant tax jurisdictions are as follows: United Kingdom $1.7 million; United States $21.1 million (2023: United Kingdom nil; United States $22.6 million), these tax losses have no expiry date. There were no significant deferred tax liabilities.

9 EARNINGS PER SHARE AND DIVIDENDS

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number

of ordinary shares in issue during the year.

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive

potential ordinary shares. The Group has dilutive potential ordinary shares arising from share options granted to employees under the

share schemes as detailed in Note 18 of these financial statements.

As the Group is loss making, any potential ordinary shares have the effect of being anti-dilutive. Therefore, the diluted earnings per share is the same as the basic earnings per share.

	Units	2024	2023
Earnings attributable to equity shareholders of the Group:			
Loss from continuing operations	USD '000	**3,108**	1,358
Loss for the year	USD '000	**2,118**	2,804
Number of shares:			
Weighted average number of ordinary shares at year end	'000	**70,898**	69,484
Dilutive effect of share based payment plans	'000	**-**	-
	'000	**70,898**	69,484
Earnings per share from continuing operations:			
Basic earnings per share	US cents	**(4.4)**	(2.0)
Diluted earnings per share	US cents	**(4.4)**	(2.0)
Earnings per share:			
Basic earnings per share	US cents	**(3.0)**	(4.0)
Diluted earnings per share	US cents	**(3.0)**	(4.0)

Earnings per share from discontinued operations:			
Basic earnings per share	US cents	**1.4**	(2.0)
Diluted earnings per share	US cents	**1.4**	(2.0)

Dividends

During the year the Group did not pay any dividends (2023: nil).

10 INTANGIBLE ASSETS

	IPR&D technology USD '000	Developed technology USD '000	Total USD '000
Cost			
As at 1 April 2022	15,267	13,237	28,504
Additions	2,639	-	2,639
Transfer	(102)	102	-
As at 31 March 2023	17,804	13,339	31,143
Additions	1,844	-	1,844
As at 31 March 2024	**19,648**	**13,339**	**32,987**
Accumulated amortisation			
As at 1 April 2022	11,320	13,041	24,361
Charge for the year	-	408	408
Disposals	-	(110)	(110)
As at 31 March 2023	11,320	13,339	24,659
Charge for the year	-	-	-
As at 31 March 2024	**11,320**	**13,339**	**24,659**
Net book value			
As at 31 March 2023	6,484	-	6,484
As at 31 March 2024	**8,328**	**-**	**8,328**

Developed technology is technology which is currently commercialised and embedded within the current product offering. In-process research and development ("IPR&D") technology relates to technology which is in the final stages of field testing, has demonstrable commercial value and is expected to be launched within the foreseeable future.

Intangible assets are amortised on a straight-line basis over their respective useful lives. The SABER project will have its useful life assessed once the field trials have been completed which will give a better estimate of the useful life of this asset.

Impairment review

Due to the sale of the XXT business assets, the SABER project is now considered to be only main cash generating unit ("CGU"). This CGU is in the carried forward value for IPR&D technology in the table above with a value of $8.3 million (2023: $6.5 million).

An independent third party valuation of the IP was done by a reputable professional services firm in this field to affirm the Directors' confidence in the valuation of the IP. The recoverable amount of the CGU at the year-end date was assessed on the basis of this valuation and is determined from value in use calculations both where the asset is currently in use or will be in the near future. The Directors have applied the income to determine the carrying value for the SABER project and intangible assets being carried in these financial statements.

The Income Approach involves calculating the value of an intangible asset based on the aggregate stream of net economic benefits that ownership of such asset entails. That benefit stream, net of any costs associated with its generation, is discounted to its net present value ("NPV") to determine the value of the intangible asset at the time of the valuation. The application of this approach requires the projection of economic benefits (incremental net income, or net cost savings) that are directly generated by the asset over its economic life. These projections are converted into NPV by using a present value discount rate, which represents the required rate of return on the intangible asset.

The key assumptions made by the directors for the discounted cash flow workings are:

- projected revenue from the specific application of the IP;
- expected royalty savings based on the selected market royalty rates;

- expected royalty savings based on the selected market royalty rates;
- the expected royalty payments to the Shell Entities;
- the duration of the License Agreements (term); and
- the applicable discount rate.

The valuation of the IP was conducted under four (4) scenarios using a combination of different fleet sizes and capital expenditures.

Changes to the above assumptions would impact the valuation assessment. For each of the four scenarios a sensitivity analysis was conducted, varying the two variables that the model is most sensitive to:

- Royalty rates; and
- Discount rates.

A royalty rate of 7.5% was used for the valuation and a sensitivity analysis done on the ranges of royalty rates of 5.0% and 10.0%. A lower royalty rate of 5.0% will result in a lower valuation by 47.3% whilst a higher royalty rate of 10.0% will result in a higher valuation by 47.3%.

A discount rate of 13.0% was used for the valuation and a sensitivity analysis done on the ranges of discount rates of 10.0% and 16.0%. A lower discount rate of 10.0% will result in a higher valuation by 34.4% whilst a higher discount rate of 16.0% will result in a lower valuation by 24.0%.

None of the sensitivities above result in an impairment of the net book value of the intangibles held in the financial statements at year end. There still remains a buffer of 53.0% over the net book value of the intangibles when using the lowest value point in the sensitivity analysis above.

The Directors have not accounted for the possibility of any onerous obligations arising with the contracts as there is no reason to expect that these will arise at this stage in the business life cycle.

Currently the SABER project is towards the end of the development phase and is forecast to be cash generating from Q3 of calendar year 2024.

11 PROPERTY, PLANT AND EQUIPMENT

	Assets under const-ruction USD '000	Assets held for rental USD '000	Land USD '000	Buildings USD '000	Other assets USD '000	Total USD '000
Cost						
As at 1 April 2022	-	834	461	2,440	448	4,183
Additions	-	-	-	-	25	25
Disposals	-	(834)	(461)	(2,440)	(13)	(3,748)
As at 31 March 2023	-	-	-	-	460	460
Additions	432	-	-	-	9	441
Disposals	-	-	-	-	(97)	(97)
As at 31 March 2024	**432**	**-**	**-**	**-**	**372**	**804**
Accumulated depreciation						
As at 1 April 2022	-	516	-	862	299	1,677
Charge for the year	-	573	-	84	111	768
Disposals	-	(1,089)	-	(946)	(13)	(2,048)
As at 31 March 2023	-	-	-	-	397	397
Charge for the year	-	-	-	-	23	23
Disposals	-	-	-	-	(97)	(97)
As at 31 March 2024	**-**	**-**	**-**	**-**	**323**	**323**
Net book value						
As at 31 March 2023	-	-	-	-	63	63
As at 31 March 2024	**432**	**-**	**-**	**-**	**49**	**481**

Assets under construction relates to SABER fleet build expenditure.

12 TRADE AND OTHER RECEIVABLES

	2024 USD '000	2023 USD '000
Trade receivables	**100**	98
Prepayments	**165**	72
Other receivables	**110**	67
	375	237

The Directors consider that the carrying amount of trade receivables and accrued income approximates to fair value. Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 24.

13 CASH AND CASH EQUIVALENTS

	2024	2023
	USD '000	USD '000
USD denominated balances	**2,347**	5,184
GBP denominated balances	**642**	167
	2,989	5,351

The Directors consider that the carrying amount of cash and cash equivalents equates to fair value.

14 INVENTORIES

	2024	2023
	USD '000	USD '000
Finished goods	**-**	1,136
Work in progress	**-**	102
Raw materials and consumables	**-**	81
	-	1,319
Impairment	**-**	(587)
Reclassification as assets held for sale (Note 21)	**-**	(732)
	-	-

15 TRADE AND OTHER PAYABLES

	2024	2023
	USD '000	USD '000
Trade payables	**723**	788
Accruals and other payables	**721**	455
	1,444	1,243

The Directors consider that the carrying amount of trade and other payables equates to fair value. The Group's exposure to currency and liquidity risks is included in Note 24.

16 LEASES

The Group leases warehouses, offices and other facilities in the United Kingdom and the United States. The lease terms range from 3 to 10 years.

Right-of-use assets

	Property leases USD '000
As at 1 April 2023	-
Additions	352
Depreciation charge for the year	(84)
Impairment	(92)
As at 31 March 2024	**176**

Lease liabilities

	2024	2023
	USD '000	USD '000
As at 1 April	**-**	-

As at 1 April		
Additions	**352**	-
Lease interest	**29**	-
Payments	**(87)**	-
As at 31 March	**294**	-
Current	**94**	-
Non-current	**200**	-
	294	-

Lease payments are included within cash flows from operating activities in the statement of cash flows. Refer to Note 24 for more information on maturity analysis of lease liabilities.

17 SHARE CAPITAL AND RESERVES

Issued share capital

	Number of Ordinary and Incentive shares	Amount USD '000
As at 31 March 2023	69,724,006	1,080
As at 31 March 2024	**71,667,814**	**1,104**

The Company has 71,617,814 (2023: 69,674,006) ordinary shares and 50,000 (2023: 50,000) incentive shares in issue.

Issued share capital represents the number of shares in issue at their nominal value (GBP 0.01). The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The holders of Incentive shares have no rights to vote or receive dividends.

On 1 June 2023, the Company issued 890,133 newly authorised shares to directors at a subscription price of a range between GBP 0.1000 and GBP 0.1180 in compensation for elements of remuneration foregone in respect of the period 1 August 2022 to 30 April 2023.

On 1 November 2023, the Company issued a further 1,053,675 newly authorised shares to directors at a subscription price of GBP 0.1125 in compensation for elements of remuneration foregone in respect of the period 1 May 2023 to 31 October 2023.

Share premium

Share premium represents the amount over the par value which was received by the Group upon the sale of the ordinary shares.

Share based payment reserve

The share based payment reserve is built up of charges in relation to equity settled share based payment arrangements which have been recognised within the consolidated statement of profit and loss.

Retained earnings

The movement in retained earnings is as set out in the consolidated statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

18 EMPLOYEE BENEFITS

Performance share plan

A Performance Share Plan is in place for the Executive Directors and other senior managers. In accordance with the scheme rules options are exercisable at the nominal value of the shares at the date of the grant once all vesting conditions have been met. Options are settled in equity and vest after three years from the date of grant and expire after ten years.

	2024 Number of options	2023 Number of options
Outstanding at the beginning of the year	**5,616,383**	4,604,792
Granted	**2,368,421**	1,946,207
Exercised	**-**	-

Forfeited	**(2,546,819)**	(934,616)
Outstanding at the end of the year	**5,437,984**	5,616,383
Exercisable at the end of the year	**-**	-

The weighted average remaining contractual life of all outstanding Performance Share Plan options is 326 days (2023: 428 days).

The fair value of services received in return for share options are measured by reference to the fair value of share options granted, measured using the Black-Scholes and Monte Carlo option pricing models. The balance is adjusted each year in accordance with the number of awards expected to vest.

The grants made during the year were as follows:

	October 2023
Valuation model	Monte-Carlo
Weighted average share price (GBP)	0.0100
Exercise price (GBP)	0.9500
Expected dividend yield	0%
Expected volatility	26.0%
Risk-free interest rate	4.3%
Expected term (years) - vesting period	3.0
Weighted average fair value (GBP)	0.2400

During the year a credit of $147K (2023: $212K charge) has been included within the statement of profit and loss in relation to the above options.

Enterprise management incentive plan

The Group has a share option plan that entitles all employees to purchase shares in the Company. During the year to 31 March 2024 grants under the plan were made. In accordance with the scheme rules options are exercisable at the market price of the shares at the date of the grant once all vesting conditions have been met. Options vest after three years from the date of grant and expire after ten years. Options are settled by the issue of new shares.

	2024 Number of options	2023 Number of options
Outstanding at the beginning of the year	**170,000**	234,500
Granted	**-**	170,000
Exercised	**-**	-
Forfeited	**(130,000)**	(234,500)
Outstanding at the end of the year	**40,000**	170,000
Exercisable at the end of the year	**-**	-

The weighted average remaining contractual life of all outstanding share options is 461 days (2023: 505 days).

The fair value of services received in return for share options are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model and expectations of early exercise are incorporated into this model.

There were no grants made during the year (2023: 170,000 share options).

During the year no charge (2023: $13K) has been included within the statement of profit and loss in relation to the above options.

19 RELATED PARTY DISCLOSURES

Key management personnel

Full details of the Directors' remuneration and interests are set out in the Remuneration Committee report. Directors' interests in the ordinary shares of the Group are included in the Remuneration Committee report.

Included within the accounts are transactions of $3.8K with DWA Consultants (FZCO) for consultancy services provided by David MacNeill, who is also a director of the company. These services were provided prior to David MacNeill becoming a Director of Enteq Technologies PLC. The amount remains unpaid as at the year end.

Entity with significant influence over the Group

There are no entities with significant influence over the Group.

20 DISCONTINUED OPERATIONS

On 11 April 2023, the XXT intellectual property (previously amortised over time to a book value of nil) and associated product lines and trademark, together with selected technology agreements, customer account receivable balances and inventory were sold for a consideration of $3.2 million, made up of an upfront payment of $1.9 million and a deferred consideration of $1.3 million of which $0.5 million was outstanding at 31 March 2024 (Note 22).

The business relating to the XXT was reclassified as a discontinued operation as at 31 March 2023 and the associated assets were classified as held for sale. The remaining deferred consideration at year end is disclosed under Note 22.

	2024	2023
	USD '000	USD '000
Revenue	**49**	6,245
Gain on sale	**941**	-
Cost of sales	**-**	(4,777)
Administrative expenses	**-**	(1,984)
Amortisation	**-**	(408)
Other exceptional items	**-**	(522)
Profit/(loss) from discontinued operations	**990**	(1,446)

21 ASSETS HELD FOR SALE

The following assets, in relation to the discontinued operations (Note 20), have been classified as held for sale:

	2024	2023
	USD '000	USD '000
Accounts receivable	**-**	1,452
Inventory held for resale	**-**	732
	-	2,184

There was no liability directly associated with asset held for sale.

22 DEFERRED CONSIDERATION RECEIVABLE

The following amounts, in relation to the discontinued operations (Note 20), are classified as deferred receivable. This balance has been fully settled following the year-end, in May 2024.

	2024	2023
	USD '000	USD '000
Deferred receivable	**467**	-

23 SUBSEQUENT EVENTS

Post year end, in May 2024, the Group received the final consideration of $0.5 million (Note 22) in relation to the sale of the XXT intellectual property and assets. There were no other adjusting or non-adjusting events that occurred after the year end date and up to the date of signing the financial statements.

24 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, and currency and liquidity risk arises in the normal course of the Group's business. The Group's overall strategy to minimise this risk is discussed below.

Objectives, policies and procedures

Treasury operations are conducted within a framework of policies and guidelines authorised by the Board and are subject to internal control procedures. The objectives of the framework are to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken.

The Group's principal financial instruments comprise cash and lines of bank credit. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit, interest rate, and currency and liquidity risks. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries and geographical areas.

Security

The Group does not hold any security on the trade receivables balance. In addition, the group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Trade receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. As the Group has so few customers with significant outstanding receivable balances the expected credit losses can be assessed on an individual customer by customer basis.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 March 2022 and 1 April respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. On this basis the expected loss associated with the outstanding unprovided trade debtor balances for is not material.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's cash and cash equivalents. The Group minimises that risk by using a series of short-term interest rate fixes.

Foreign currency risk

The Group is exposed to foreign currency risk on cash balances denominated in GBP, as its reporting currency is USD. The amount of currency held in GBP is reviewed on a regular basis, together with the cash flows denominated in GBP, to ensure that this risk is minimised.

The Group's funding strategy is to ensure that the business has sufficient resources to meet its various financial commitments on an on-going basis. It achieves this objective by actively monitoring its forecast cash flows and requirements. The Group is cautious in its approach, applying appropriate sensitivities to both the quantum and timing of its projections.

A 1.0% increase in the GBP/USD foreign exchange rate, on the GBP denominated year end cash balances, would result in a foreign exchange loss of $1.0 thousand.

Liquidity risk

The Group manages its liquidity risk by ensuring that the balances of cash on deposit gives it sufficient access to liquid funds to meet both its immediate and longer-term needs. In addition, the Group regularly reviews the access to commercial bank lines of credit.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its current business, and allow it to take advantage of development opportunities when they arise therefore allowing the Group to maximise Shareholder value at all times.

The Group manages its capital structure, primarily Shareholders' equity, and makes adjustments to it, in light of changes in economic conditions and development opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Group's ordinary shares are quoted on the AIM market of the London Stock Exchange. This affords it access to investors which seek access to growth opportunities of the sort which the Group is targeting to acquire.

Debt is not employed in the Group at present and the limited working capital requirements are currently financed out of cash reserves. Details of the current equity structure can be seen on the Consolidated Statement of Financial Position. There are no capital requirements that are externally imposed.

No changes were made in the objectives, policies or processes during the year ending 31 March 2024.

Trade and other receivables/payables

The Directors consider that the carrying amount of these balances approximates to their fair value. The only allowances maintained by the Company for credit losses relate to allowances for bad and doubtful debts relating to trade receivables.

Categories of financial instruments

Financial liabilities and assets included in the Statement of Financial Position relate to the following IFRS 9 categories:

	Financial assets and liabilities at amortised cost USD '000	Non-financial assets and liabilities USD '000	Total USD '000
2024			
Assets			
Trade and other receivables	210	165	375
Cash and cash equivalents	2,989	-	2,989
Deferred consideration	467	-	467
	3,666	165	3,831
Liabilities			
Trade and other payables	(1,444)	-	(1,444)
Lease liabilities	(294)	-	(294)
	(1,738)	-	(1,738)
	1,928	**165**	**2,093**

	Financial assets and liabilities at amortised cost USD '000	Non-financial assets and liabilities USD '000	Total USD '000
2023			
Assets			
Trade and other receivables	165	72	237
Cash and cash equivalents	5,351	-	5,351
Assets held for sale	2,184	-	2,184
	7,700	72	7,772
Liabilities			
Trade and other payables	(1,123)	(120)	(1,243)
	6,577	**(48)**	**6,529**

The Directors are of the opinion that there is no material difference between the book value and the fair value of any of the Group's assets or liabilities. The contractual maturity of all financial liabilities are as follows:

	Less than 6 months USD '000	6 to 12 months USD '000	More than 12 months USD '000

	USD 000	USD 000	USD 000
2024			
Trade and other payables	1,444	-	-
Lease liabilities	45	49	200
	1,489	**49**	**200**
2023			
Trade and other payables	1,243	-	-