



ENTEQ TECHNOLOGIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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Directors

The Directors in office at the date of signing the financial statements were:

Executive Directors

Andrew Law Chief Executive Officer

Non-Executive Directors

Martin Perry Chairman
Neil Hartley Chairman of the Remuneration and Audit Committees
David MacNeill

Company Secretary

Amir Absoud

Registered Office

7 Albert Buildings
49 Queen Victoria Street
London
EC4N 4SA

Company Registration Number

07590845 (registered in England and Wales)

Auditors

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Nominated Adviser and Broker

Cavendish Capital Markets Limited
1 Bartholomew Close
London
EC1A 7BL

Legal Advisors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place, 78 Cannon Street
London
EC4N 6AF

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

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 the 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.

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 of pages 7 to 9.

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 of pages 7 to 9).

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. More details are given in the Corporate Governance Statement of pages 23 to 26.

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.

Decision making

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.

Employee engagement

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.

Business relationships

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.

Environment and stakeholders

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.

Culture and values

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.

Prospects

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.

.....
Martin Perry
Chairman

.....
Andrew Law
Chief Executive Officer

20 August 2024

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 shown on page 31.

	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 shown on page 32.

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 shown on page 34.

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 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.

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Andrew Law

Chief Executive Officer

20 August 2024

REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the Group's risk management and during each year undertakes a systematic review of the key risks and uncertainties which face the Group. The Board establishes the framework for risk management across the Group. It seeks to embed risk management and to facilitate the implementation of risk management measures throughout the Group's businesses. The Board refines its view of risks on an on-going basis and as the Group's businesses enter new markets and develop new products. Both the risk register and associated risk matrix are regularly updated and reviewed by the Board, the last review being in July 2024. The principal risks are those shown first in each section together with a comment regarding the movement in risk during the year.

The Directors believe the following risks, as set out in the Risk Register, to be the most significant for the Group. The mitigating activities described below will help to reduce the likelihood or impact of each risk occurring, although the Board recognises that it will not be possible to eliminate these risks entirely. The risks listed do not necessarily comprise all those relating to the Group's operations, or with an investment in the Group. If any of the following risks were to materialise, the Group's businesses, financial condition, results or future operations could be materially adversely affected.

Industry specific risks

Risk	Mitigation actions	Change in the year
<p>Fluctuations in oil and gas prices</p> <p>Short-term fluctuations in oil and gas prices may lead to uncertainty in the oil and gas industry which can lead to reduced investment in equipment by the Group's customers. In addition, a longer-term fall in oil and gas prices could reduce levels of cash flow in the industry which could in turn lead to the reduction or deferral of expenditure in the drilling sector.</p> <p>The price of oil WTI fell to an average of \$78.01/BBL in the year ended 31 March 2024 from \$90.19/BBL for the year ended 31 March 2023. Oil prices have remained relatively stable post year end with both WTI and Brent averaging over \$80/BBL for the quarter ending 30 June 2024.</p>	<p>The Board actively monitors key energy commodity prices and other industry parameters and if appropriate, acts expeditiously to manage costs and working capital as necessary.</p> <p>Despite the fall in the price of oil compared with the prior year, the price remains at high levels. The prior year was exceptionally high mainly as a result of the start of the war in Ukraine in early 2022 which is discussed below. The Board thus assess this risk to be low especially as a result of a decrease in expected supply in certain geographies like the UK where the Governments have set aggressive net zero targets.</p>	<p>There has been no significant change to this risk in the year to 31 March 2024 and up to the date of signing these accounts.</p>
<p>Geopolitical risks</p> <p>Following the Russian invasion of Ukraine, the Board decided to cease trading with any Russian company or sell to any other company that may deploy the Group's equipment in Russia.</p> <p>As the level of revenue derived from Russia was insignificant and it derived from the discontinued business, there has been no financial impact on the business.</p>	<p>The SABER product is being targeted at markets that are not subject to sanctions. The Board monitors the sanctions list regularly to ensure full compliance with legislation.</p> <p>The Board are also monitoring other geopolitical risks especially the one brewing in the Middle East following the escalating armed conflict taking place in the Gaza Strip and Israel since October 2023.</p>	<p>There has been no significant change to this risk in the year to 31 March 2024 and up to the date of signing these accounts.</p>
<p>Economic fluctuations in territories where the Group's products are used</p> <p>Economic fluctuations in territories where the Group's products are used may create uncertainty and discourage investment. The Group's products are used by service companies, which may deploy its equipment and services in territories outside their national markets. Fluctuations in such territories could reduce the market size for the Group's products.</p>	<p>Management and the Board, using their experience and judgment, monitor political and economic developments as appropriate in order to minimise, where possible, the impact of such adverse events on the Group. Further, the Group's strategy of diversifying its customers, product lines and geographic markets helps to mitigate these risks.</p>	<p>As mentioned above, recent oil price stability has given the Board a level of assurance that there is no significant change to the risk compared to the previous year.</p>

Risks relating to the Group's strategy

Risk	Mitigation actions	Change in the year
<p>Acquisition opportunities</p> <p>The Board continues to adopt a cautious approach to acquisition opportunities.</p>	<p>The Board continues to monitor and assess potential earning enhancing acquisitions.</p>	<p>No change in risk.</p>

Group specific risks

Risk	Mitigation actions	Change in the year
<p>Relevance of product offering</p> <p>The Board acknowledges that the Group constantly needs to review the current line of products so that it offers what the market demands. Failure to create new high-quality products to meet customer needs, or failure to adequately protect intellectual property, will result in a loss of market share and associated reduced financial performance.</p>	<p>There is a clear product development strategy combined with regular reviews of the current engineering projects. Intellectual property is protected through obtaining the appropriate patents.</p> <p>The primary focus remains the commercialisation of SABER which has huge potential to disrupt the RSS industry.</p>	<p>The risk has been reduced due to the successful drilling testing and the availability of a large addressable market. In addition, the customer demand and market conditions for SABER are expected to be more attractive than the discontinued MWD market.</p>
<p>Dependence on key personnel</p> <p>The future success of the Group is substantially dependent on the continued services and continuing contributions of its directors and key employees. The loss of the services of any of its directors or other key employees could have a material adverse effect on the Group.</p>	<p>The Board believes dependence on key personnel is an acceptable risk. However, the Board periodically reviews the capability and availability of the necessary skills to manage the Group and will seek suitable replacements or additions where appropriate.</p> <p>The Board continues to balance this risk with the requirement to keep overhead spend constantly under review. Key staff are rewarded with employee related securities to help manage the risk and improve retention. Furthermore, notice periods are set to minimise business disruption.</p>	<p>Due to the actions taken during the year, there is no significant change to this risk.</p>
<p>Dependence on key customers</p> <p>The Group will initially be dependent on a relatively small number of key customers for the SABER tool.</p>	<p>With the continued market introduction of SABER, this is expected to broaden the potential customer base, particularly when compared to the previous MWD market.</p> <p>The Group will continue its efforts to commercialise SABER.</p>	<p>Due to the actions taken during the year there, has been a reduction in this risk.</p>

Group specific risks (continued)

Risk	Mitigation actions	Change in the year
<p>Going concern</p> <p>As the Group continues to develop, test and commercialise SABER, a number of actions were taken during the financial year and up to the date of this report to conserve cash balances. The level of the Group's cash balance combined with the ability to raise funds as required; the ability to conserve cash where required; and the commercial viability of the SABER tool based on testing results to date gives the Board comfort as to the future viability of the Group. The majority of cash is held in interest bearing accounts in USD.</p>	<p>Full consideration of the going concern assessment is included in Note 2 to the accounts. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections for a period exceeding 12 months ending 30 September 2025.</p> <p>Following careful consideration of the base case forecasts and the application of severe but plausible downside scenarios to these forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of this report.</p> <p>Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the Group and Company financial statements.</p>	<p>Due to the actions taken, there has been no change in this risk.</p>

Non-specific risk factors

Risk	Mitigation actions	Change in the year
<p>Health, safety and environment</p> <p>Safety is one of our core priorities. The Group is subject to a number of Health, Safety & Environment ("HSE") laws and regulations that affect its operations, facilities and products in each of the jurisdictions in which it operates. The Group is committed to operating in compliance with all HSE laws and regulations relating to its products, operations and business activities. However, there is a risk that it may have to incur unforeseen expenditures to cover HSE liabilities, to maintain compliance with current or future HSE laws and regulations or to undertake any necessary remedy.</p>	<p>The Board closely monitors safety reporting and HSE compliance both at each monthly meeting and during visits to the Group's businesses. The Group has the appropriate insurance policies in place to cover any actions brought against it related to breaches in health and safety.</p>	<p>Due to the continuing focus on HSE compliance there has been no change in this risk.</p>
<p>Infringement upon intellectual property rights</p> <p>Patents and/or Know-How owned by the Group may be challenged by third parties and may not be enforceable in certain parts of the world. In addition, agreements concerning intellectual property rights entered into by the Group could be terminated and may have an adverse effect upon the Group's business.</p>	<p>Where appropriate the Group protects the validity of its intellectual property via thorough patent and trademark applications and will robustly defend any claims against it, if appropriate.</p>	<p>Due to no notification of patent infringements plus continued patent applications there has been a reduction in this risk.</p>

Non-specific risk factors (continued)

Risk	Mitigation actions	Change in the year
<p>Business interruption</p> <p>Business interruption may occur as a result of a number of events, which are either within or outside the Group's control. These include: the failure or unavailability of operational and IT infrastructure; delay or interruptions in the availability of products or services provided by third-party suppliers and stakeholders and natural disasters such as earthquake, flooding and storms.</p>	<p>Mitigation is achieved by having a business continuity plan, relevant insurances and managing dependence on key supplier and stakeholder relationships.</p>	<p>No change in this risk.</p>

The Strategic Report set out on pages 3 to 13 was approved by the Board and signed on its behalf by,

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Andrew Law

Chief Executive Officer

20 August 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to developing relationships with its key stakeholders – employees, shareholders, customers, suppliers and communities within the areas we operate. This report describes the policies and responsibilities which Enteq has adopted to ensure that it is and remains a responsible global corporate citizen.

The Group's commitment to shareholders, employees and other key stakeholders is to create a sustainable organisation, capable of delivering long-term positive returns and providing stability to all employees.

The Group has implemented key policies in respect of:

- Anti-bribery and Corruption;
- Embargo compliance;
- Data protection and privacy;
- Equality, diversity and inclusivity; and
- Corporate ethics & standards code of conduct, including employee 'speak up' policy

In addition, the Group has implemented procedures to ensure that it:

- communicates appropriately with shareholders and employees;
- meets all health, safety and environmental legislative requirements; and
- meets the highest standards of business ethics in all its dealings, including strict compliance with both UK and US legislation introduced to prevent bribery

Investor communications

Communicating with the Company's shareholders is of key importance to the Directors. The Board do so through press releases, issued via the London Stock Exchange and institutional investor presentations. The Chief Executive and a finance representative meet with major shareholders at least twice a year, following the announcement of the Group's half and full year results.

Employees

Enteq continues to recognise that employees are the most valuable asset in the Group. Both senior and local management have ensured that all staff are kept informed of the changes to trading patterns and fully explained the reasons behind the actions taken during the year. As at 31 March 2024, the Group had 11 employees (2023: 13 employees) with the movement due to the sale of XXT.

The Group continually looks to improve its structures to ensure that all aspects relating to employment, training, career development and promotion of disabled persons are appropriate to the environment in which all employees work and fully comply with all relevant laws and regulations.

Health and safety

The Group is committed to achieving and maintaining the highest standards of safety for its employees, customers, suppliers and the public. Enteq aims for best practice and employs rigorous health and safety practices.

Health and Safety policies include:

- Regular audit and maintenance reviews of facilities, equipment, practices and procedures to ensure compliance with prevailing standards and legislation and a safe environment for all those who work within and around our facilities;
- Seeking accreditation and alignment with internationally recognised Quality Assurance standards;
- Monitoring and reporting to each Board meeting; and
- Appropriate training and education of all staff.

The Group's target is to achieve zero recordable incidents. Each local business is required to develop tailored policies to reflect its daily business. These incorporate the Group's approach to putting safety first and, at a minimum, to comply with local regulatory requirements.

During the year, there were no fatalities across the Group's operations with no reportable incidents (2023: none).

Environment

The Group is committed to the protection of the environment and developing manufacturing processes and procedures which ensure that any adverse effects on the environment are kept to a practicable minimum. The Board takes the view that sustainable development is in the interests of all our stakeholders and include environmental issues in all planning and decision-making.

The Group's environmental policy is to look for opportunities and adopt practices that create a safer and cleaner environment. The Board are particularly sensitive to the challenges for the industry in which the Group operates.

Key aspects of the Group's environmental policies include:

- Keeping any adverse effects on the environment to a practicable minimum;
- Encouraging the reduction of waste;
- Promoting awareness of recycled materials and use of renewable resources;
- Encouraging employees to pay special regard to environmental issues and requirements in the communities in which the Group operates; and
- Incorporating health, safety and environment considerations into the design of new facilities.

The Company has successfully registered for the SME Climate Hub commitment to Net Zero by 2050.

The Company is not a large company and thus no SECR (Streamlined Energy and Carbon Reporting) disclosures are required.

Business ethics

The Group's directors and employees promote the highest standards of honesty and integrity in the way it goes about its business, recognising that the Group's reputation is of critical importance in the industry in which we operate.

Through the Group's Code of Conduct and compliance with the UK Bribery Act and the US Foreign and Corrupt Practices Act, the Group has policies and controls in place detailing procedures on how the Group interacts with customers, suppliers and governments around the world. These include a Global Gift and Entertainment Guideline which codifies the standards and conduct which we set for our employees' interactions with customers, suppliers and other external parties.

.....
Andrew Law

Chief Executive Officer

20 August 2024

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Group and the Company for the year ended 31 March 2024.

Directors

The Directors who were in office during the financial year and up to the date of signing the financial statements were as follows:

Andrew Law
Chief Executive Officer

Andrew Law (49), has a background in oilfield services through Field Engineering at Schlumberger and General Management within Weatherford. Andrew has worked in corporate finance at KPMG and is a Sloan Fellow from London Business School.

Martin Perry
Non-Executive Chairman

Martin Perry (62), formerly CEO of Sondex. Martin entered the oil industry in 1984, initially as a field engineer after gaining an engineering degree at Exeter University. Martin then worked in the IT and Data Communications industry, before leading the Management Buy Out at Sondex. Following the acquisition of Sondex by GE in 2007, Martin was appointed CEO of GE's Oilfield Technologies Division and subsequently served as Non-Executive Chairman of 3 private equity-backed businesses.

Neil Hartley
Non-Executive Director

Neil Hartley (58), currently with Buckthorn Partners LLP, a global private equity investment firm exclusively focused on energy transition. He has held senior positions with McKinsey & Company and Simmons & Company International. Neil chairs both the Company's Audit and Remuneration Committees.

David MacNeill (appointed 10 October 2023)
Non-Executive Director

David MacNeill (56) has over 30 years' knowledge in the international energy sector with extensive experience across drilling businesses. He has a background in Directional Drilling, with direct exposure to RSS development and operations, and has held executive roles in multinational and independent companies.

Mark Ritchie (resigned 1 June 2024)
Executive Director

David Steel (resigned 16 June 2023)
Executive Director

Iain Paterson (resigned 29 September 2023)
Non-Executive Director

There is no requirement to re-appoint any of the Directors until the AGM to be held in September 2024.

Dividends

No dividends will be distributed for the year ended 31 March 2024 (2023: nil).

Research and development

The Company maintains its commitment to research and development through the activities undertaken by the engineering team, primarily based in Houston, USA, with support from the United Kingdom.

Risks and uncertainties

A review of the key risks and uncertainties affecting the Group is set out on pages 10 to 13. The Group's exposure to key financial risks is set out in Note 24 to the financial statements.

Directors' and Officers' liability insurance

The Company maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by its directors and Officers in the discharge of their duties. This is a qualifying third-party indemnity provision, which was in force throughout the financial year.

Future developments

A key future development will be a focus on the introduction of innovative technologies into the marketplace, primarily the SABER rotary steerable tool, as referenced in the strategic review.

Annual General Meeting

The Annual General Meeting of the Company will take place on 25 September, 2024 at 1 Bartholomew Close, London, EC1A 7BL commencing at 11am. At the meeting, as well as routine matters, members will be asked to receive the Report of the Directors and Accounts and to approve the auditors and their remuneration. Further details of the resolutions are set out in the letter concerning the Annual General Meeting, which accompanies the Notice of the Annual General Meeting.

Powers of the Directors

Subject to the Company's Articles of Association, UK legislation and any directions prescribed by resolution of the Company in general meeting, the business of the Company is managed by the Board. The Directors have been authorised to allot and issue Ordinary shares and to make market purchases of the Company's Ordinary shares. These powers are exercised under authority of resolutions of the Company as adopted at incorporation.

Share capital

Details of the Company's share capital are shown in Note 17 of the Group financial statements and Note 10 of the Company financial statements. The Company has 71,617,814 (2023: 69,674,006) ordinary shares and 50,000 (2023: 50,000) incentive shares in issue.

Voting rights and restrictions on the transfer of shares

On a show of hands at a general meeting of the Company, every holder of Ordinary shares present in person or by proxy, and entitled to vote, has one vote, and, on a poll, every member present in person or by proxy and entitled to vote has one vote for every Ordinary share held. The holders of the Incentive shares have no rights to vote or receive dividends. Further details regarding voting at the Annual General Meeting can be found in the notes to the Notice of the Annual General Meeting. None of the Ordinary shares carry any special rights with regard to control of the Company. Proxy appointments and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting.

A shareholder can lose his entitlement to vote at a general meeting where that shareholder has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. Shareholder's rights to transfer shares are subject to the Company's Articles of Association.

Significant shareholding

As at 31 March 2024, the Company has been advised, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests in 3.0% or more in the issued ordinary share capital of the Company:

Rank	Shareholder	2024 %	2024 No. of shares
1	Premier Miton Investors	15.68	11,235,894
2	Canaccord Genuity Wealth Management (Inst)	10.97	7,865,000
3	Directors	10.72	7,680,125
4	Allianz Global Investors	8.37	6,000,000
5	David Steel	4.09	2,933,129
6	Dr Alistair Lindsay	3.83	2,741,338
7	Hargreaves Lansdown, stockbrokers (EO)	3.66	2,621,405
8	Killik, stockbrokers	3.62	2,594,824
9	Parkinson Family	3.17	2,270,000
10	Interactive Investor (EO)	3.02	2,165,039

Registrar

The address and contact details of Computershare Investor Services PLC (“Computershare”), the Company’s Registrar, are listed at the front of this report. Computershare is the Company’s single alternative inspection location, whereby individuals can inspect the register of members. Individual shareholders may view their personal shareholder information online, through the www.computershare.co.uk website.

Articles of Association

The Company’s Articles of Association may only be amended by special resolution at a general meeting of shareholders. Where class rights are varied, such amendments must be approved by the members of each class of share separately.

Statement of Directors’ responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards (“UK-IAS”) and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 – ‘The Reduced Disclosure Framework’ (FRS 101) and applicable laws including the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-IAS or, in respect of the parent company, FRS 101, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement to disclose information to auditors

The Directors confirm that, in so far as each of the Directors is aware, there is no relevant audit information of which the Company’s auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

At 31 March 2024 the Group has cash balances of \$3.0 million (2023: \$5.4 million) and no debt. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and consequently have adopted the going concern basis of accounting in preparing these financial statements. Further information on the way the going concern review was conducted is set out in Note 2 in the notes to the financial statements.

Auditors

During the year Gravita Audit Ltd resigned as auditors with PKF Littlejohn LLP appointed in their place. PKF Littlejohn LLP will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with Section 489(4) of the Companies Act 2006.

Approved by the Board and signed on behalf of the Board,

.....

Andrew Law

Chief Executive Officer

20 August 2024

REMUNERATION COMMITTEE REPORT

Introduction

The Company is AIM-listed and therefore is not legally required to set out its remuneration policy but it is doing so on a voluntary basis. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of inter alia the Directors' Remuneration Report Regulations 2008 and the Quoted Company Alliance Code are taken into account. As required by AIM Rule 19, the Company has disclosed the remuneration received by its directors during the financial period.

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of both the Chairman and Executive Directors. This includes setting competitive salaries, annual performance targets and participation in the Company's executive share-based incentive plans. The Committee also takes account of the remuneration policy for the Group's senior managers.

Remuneration policy

The Company's remuneration policy aims to encourage a performance-based culture, attract and retain high calibre executive directors and align executive directors' and shareholders' interests. In determining such policy, the Remuneration Committee takes into account all factors which it deems necessary, including the Company's wider pay structures. The objective of the policy is to ensure that executive management are provided with appropriate incentives to encourage enhanced long-term performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The remuneration policy of the Company has a number of principal components:

Salary and benefits

Basic salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other same-sector companies. The Executive Directors also receive taxable benefits including life insurance policies and healthcare.

The Remuneration Committee has considered the requirements of the UK Corporate Governance Code (April 2018) to set an upper limit for executive pay levels. However, the committee also recognises the need to attract and incentivise management and therefore does not believe it is appropriate to set such limits at this stage of the Group's development, although the appropriateness of all incentive packages are considered by the Committee. Any bonus will be subject to Remuneration Committee approval. The Remuneration Committee will continue to monitor this policy.

Discretionary bonus plan

The grant of bonuses is discretionary upon achievement of targets by reference to agreed financial performance measures. The scheme is applicable to all executive directors. The Remuneration Committee has yet to review the bonus performance.

Long-term incentive and share option plans

The Company believes that employee share ownership strengthens the link between their personal interests and those of the shareholders. Consequently, the Company has put in place a Share Option Plan. All Group employees participate in the Plan, except for members of the Board and two senior executives. Only the current Executive Directors are incentivised via the PSP scheme (see below). Since the change of his role from Chief Executive Officer to Non-Executive Chairman, which came into effect on 1 April 2021, Martin Perry retains the right to benefit from any PSP awards made during his time as an executive director.

The Company has a Performance Share Plan ("PSP") in place for the Executive Directors and other key senior executives. The Remuneration Committee were given the power to grant awards at the nominal value of the shares, but the exercise of which is subject to certain performance conditions. Such awards will lapse if not exercised within 10 years of grant. The participants in this Plan are no longer eligible for awards under the Share Option Plan or other Long-term Incentive Plans. The details of the grants awarded under all incentive plans, to date, are shown in Note 18.

Directors' service contracts

All executive directors are employed under service contracts. The services of all executive directors may be terminated by the provision of a maximum of 6 months' notice by the Company and the individual. Services of non-executive directors may be terminated by the provision of a maximum of 3 months' notice by the Company and the individual.

Directors' remuneration

The annual remuneration rates of the Directors who held office during the year ended 31 March 2024 were as follows (all salaries denominated in GBP have been converted to USD). The annual remuneration includes salaries primarily, as well as pension contributions as presented in the table below and to a smaller extent short-term benefits to Andrew Law of \$5K, Mark Ritchie of \$5K; David Steel of \$3K; and Martin Perry of \$11K.

	2024 USD '000	2023 USD '000
Executive Directors		
Andrew Law	427	327
David Steel (resigned 16 June 2023)	206	269
Mark Ritchie (resigned 1 June 2024)	181	-
	814	596
Non-Executive Directors		
Martin Perry	68	56
Neil Hartley	56	56
Iain Paterson (resigned 29 September 2023)	39	56
David MacNeill	-	-
	163	168
Total	977	764

The total includes the following pension contributions made by the Company:

<u>Andrew Law</u>		
Pension contributions	18	18
<u>Mark Ritchie</u> (resigned 1 June 2024)		
Pension contributions	16	-
<u>David Steel</u> (resigned 16 June 2023)		
Pension contributions	8	15

In order to maximise the Group's cash balance, elements of the Board's remuneration were settled in shares rather than cash. Included in the annual remuneration figures, set out in the above table, are the following elements settled in shares:

	2024 USD '000	2023 USD '000
Executive Directors		
Andrew Law	265	200
David Steel (resigned 16 June 2023)	39	121
Mark Ritchie (resigned 1 June 2024)	10	-
	314	321
Non-Executive Directors		
Martin Perry	57	35
Neil Hartley	56	25
Iain Paterson (resigned 29 September 2023)	26	25
David MacNeill	-	-
	139	85
	453	406

The Companies Act 2006 requires certain disclosures about remuneration of the highest paid director taking into account emoluments, gains in exercise of share options and amounts receivable under long-term incentive schemes. Details of this remuneration are set out above.

Interests in PSP options

No options vested during the year (2023: nil). There were 1,921,053 (2023: 1,415,172) options granted during the year.

	Grant dates	Vesting dates	2024 No. of options	2023 No. of options
Martin Perry	July 2020	June 2022	-	959,259
Andrew Law	July 2020	June 2022	-	356,296
Andrew Law	April 2021	April 2023	-	500,000
David Steel (resigned 16 June 2023)	July 2020	June 2022	-	493,333
			-	2,308,888
Andrew Law	July 2021	July 2024	633,803	633,803
David Steel (resigned 16 June 2023)	July 2021	July 2024	522,254	522,254
			1,156,057	1,156,057
Andrew Law	July 2022	June 2025	775,862	775,862
David Steel (resigned 16 June 2023)	July 2022	June 2025	639,310	639,310
			1,415,172	1,415,172
Andrew Law	October 2023	October 2026	1,184,211	-
Mark Ritchie (resigned 1 June 2024)	October 2023	October 2026	736,842	-
			1,921,053	-
			4,492,282	4,880,117

The total amount to be expensed over the vesting period of all the above options is determined by reference to the fair value at the date of granting and the number of awards that are expected to vest.

There were no options exercised during the year (2023: nil) and thus it follows that there were no gains on the exercise of the options made during the year ended 31 March 2024 (2023: nil).

Directors and their interests in ordinary shares

The current directors of the Company held the following interest in the ordinary shares of Enteq Technologies PLC at end of the financial year:

	2024 %	2024 No. of shares	2023 No. of shares
Martin Perry	6.71	4,811,025	4,596,000
Andrew Law	3.69	2,642,935	1,660,512
Neil Hartley	0.27	191,725	88,549

On behalf of the Remuneration Committee,

.....
Neil Hartley

Chairman of the Remuneration Committee

20 August 2024

CORPORATE GOVERNANCE STATEMENT

This report for shareholders sets out the Group's approach to Corporate Governance. The Group has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the Quoted Companies Alliance it considers to be relevant to the Group. See the Group's website <https://www.enteq.com/investors/corporate-governance/> for all the required disclosures regarding the company's governance arrangements.

Board composition

The Board of Enteq Technologies PLC is responsible for determining strategic direction and reviewing management and operational performance. Operational performance is delegated to the Executive Directors, who meet regularly to review the performance of and prospects for the business. The current composition of the Board is set out below.

		Board	Audit Committee	Remuneration Committee	Nomination Committee
Andrew Law	Chief Executive Officer	Member	-	-	-
Martin Perry	Non-Executive Chairman	Chairman	Member	Member	Member
Neil Hartley	Non-Executive Director	Member	Chairman	Chairman	Member
David MacNeill	Non-Executive Director	Member	Member	Member	Member

In the year under review the Board formally met on 10 scheduled occasions and all the serving directors attended every meeting.

The division of responsibilities between Martin Perry, Chairman, and Andrew Law, CEO, has been clearly established by way of written role statements, which have been prepared by the Board. The Chairman's main responsibilities are to lead the Board, liaising as necessary with the CEO on developments between meetings of the Board, and to ensure the CEO and his executive management team have appropriate objectives and that their performances against those objectives are reviewed. The CEO is responsible to the Board for the executive management of the Group and for liaising with the Chairman and keeping him informed on all matters.

Board evaluation

Between the year end and the date of signing these accounts a Board evaluation was carried out by both the Non-Executive and Executive Directors. The Board was regarded as effective and possessed sufficient skills and experience to enable it to discharge its responsibilities appropriately. The evaluation further confirms the Board's belief that the Board balance and the composition of each main Board Committee is appropriate. In reviewing the Board, it was concluded that the skills and experience the Executive Directors bring to the Board are complementary to each other and those of the Non-Executive Directors.

Board committees

The Board has three main committees to which it delegates responsibility and authority.

Audit Committee

The Audit Committee comprises solely of non-executive directors of the Company. The Board considers that the Audit Committee members have the skills necessary to fulfil their duties. In addition, financial advice is available externally as and when they require it. The committee has met three times during the year under review.

The full text of the responsibilities of the audit committee can be found at <https://www.enteq.com/investors/corporate-governance/>

External audit

During the year Gravita Audit Ltd resigned as auditors with PKF Littlejohn LLP appointed in their place. The external auditors' full year report includes a statement on their independence, their ability to remain objective and to undertake an effective audit. The Committee considers and assesses this independence statement on behalf of the Board taking into account the level of fees paid particularly for non-audit services. The Committee considers the effectiveness of the audit by reviewing and taking account of Financial Reporting Council reports on the auditors; input from executive management; consideration of responses to questions from the Audit Committee and the audit findings reported to the Committee.

The Committee closely monitors fees paid to the auditors in respect of both audit and non-audit services, which are analysed within Note 5 in the notes to the financial statements. The scope and extent of non-audit work undertaken by the external auditor is monitored by, and, above certain thresholds, requires prior approval from the committee to ensure that the provision of such services does not impair their independence or objectivity.

Internal audit

To date, the Board has not considered it necessary or cost effective to employ a separate internal audit team. The senior finance team carries out reviews on an on-going basis. These reviews are available to the Committee and encompass the identification of the key business, financial, compliance and operational risks facing each operating location, together with an assessment of the controls in place for managing and mitigating these risks. The Committee will continue to monitor the need for a separate internal audit function.

Remuneration Committee

The Remuneration Committee comprises solely of non-executive directors of the Company and is responsible for reviewing remuneration arrangements for the Board and other senior employees of the Group and for providing general guidance on aspects of remuneration policy for the Group. The Committee met once during the year under review.

Nomination Committee

The Nomination Committee is responsible for reviewing and recommending executive and Non-Executive Board appointments for the Group. There was no requirement for the Committee to meet during the year under review.

In accordance with the Corporate Governance Code's guidance for non-FTSE 350 companies on the re-election of directors and the articles of association of the Company, all directors are subject to re-election at the first annual general meeting after their appointment, and to re-election thereafter on a triennial basis.

Internal controls

The Board acknowledges its responsibility for the Group's system of internal control, for reviewing its effectiveness and for compliance with relevant legislation. The internal control system, which has been in place throughout the year under review, is structured to allow the Board to identify, evaluate and manage the significant risks to which the Group is exposed. The system comprises the following elements:

- Management Structure – within operational parameters set by the Board, management is delegated to the Executive Directors. The Executive Directors meet and communicate regularly with the Board to ensure a thorough and consistent flow of information about the business.
- Reporting and Consolidation – the Group receives detailed financial information from subsidiaries, which take the form of monthly management accounts, annual budgets and forecast projections. The Group also monitors and reviews new UK Listing Rules, Disclosure and Transparency Rules, accounting standards, interpretations and amendments and legislation and other statutory requirements. Subsidiary reporting entities are supported by instruction from the Group. Data is subject to review and assessment by management through the monitoring of key performance ratios and comparison to targets and budgets. The content and format of reporting is kept under review and periodically amended to ensure appropriate information is available.
- Strategic Planning and Budgeting – strategic plans and budgets containing comprehensive financial projections are formally presented to the Board for consideration and form the basis for monitoring performance.
- Legislative Compliance and Codes of Conduct – the Group has and is implementing procedures to ensure it meets its legislative and other responsibilities. The Group has implemented formal procedures including the publication of bribery and corruption policies and guidelines on interacting with customers, suppliers and agents, as well as policies for gifts, entertainment and hospitality.

The Directors recognise the value and importance of maintaining the highest standards of corporate governance. To this effect the Board agreed that the Quoted Companies Alliance's ("QCA") code of corporate governance was the most appropriate for Enteq Technologies PLC to follow, and so, was formally adopted. The main principles of the QCA Code and how Enteq ensures that it is fully compliant with these principles are set out below:

- Establish a strategy and business model which promote long-term value for shareholders;
 - Enteq has an established strategy and business model supplying the global oil and gas Directional Drilling market with high-end, differentiated technologies. Both the strategy and business model are subject to Board review on at least an annual basis to ensure that they provide the most appropriate way to provide long-term value for shareholders.
 - Compliance during year: Reviewed during the Strategy Day held in September 2023.

-
- Seek to understand and meet shareholder needs and expectations;
 - The Executive Directors offer to meet the major shareholders after the announcement of both the year end and interim results. As well as presenting an explanation of these results, these meetings give the shareholders an opportunity to inform the Directors of both their needs and expectations. The AGM is an opportunity for all shareholders to present their views to the whole Board. The Chairman is also available to meet shareholders at any time; and
 - Compliance during year: Extensive shareholder meetings held post Interim and year end results.
 - Consider wider stakeholder and social responsibilities and their implications for long-term success;
 - Regular meetings are held with the staff to ensure that the strategic vision of the company is clearly presented;
 - Meetings are held with other stakeholders as required;
 - The operational facility regularly re-assesses its impact on the environment and implements the appropriate procedures minimise any adverse effects;
 - Regular Health and Safety meetings are held with all staff to minimise the likelihood of any accidents and “near misses”; and
 - Compliance during year: Briefings held with staff; monthly health and safety meetings held with reports noted at each Board meeting;
 - Embed effective risk management, considering both opportunities and threats, throughout the organisation;
 - The Board is responsible for the Group's risk management and undertakes a systematic review of the key risks and uncertainties which face the Group. It seeks to embed risk management and to facilitate the implementation of risk management measures throughout the Group's businesses;
 - A comprehensive risk register is maintained, which is regularly reviewed by the Board;
 - Monthly reports relating to health and safety at work is presented to the Board; and
 - Compliance during year: Risk matrix reviewed by Board.
 - Maintain the board as a well-functioning, balanced team led by the chair;
 - A “Board Effectiveness Review” is completed annually, with the results debated at the appropriate Board meeting. This review includes an assessment of whether the Board has functioned in compliance with this principle through assessing, inter alia, directors' level of skills and experience, the Board's performance, review of company strategy, quantity and quality of board meetings; and
 - Compliance during year: Effectiveness review conducted in July 2024.
 - Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities;
 - In addition to being part of the “Board Effectiveness Review” outlined above, attendance at appropriate external training courses and seminars is encouraged; and
 - Compliance during year: No training courses and seminars were attended.
 - Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
 - A Board Effectiveness Review is carried out annually and is a rigorous process; and
 - Compliance during year: Effectiveness review conducted in July 2024.
 - Promote a corporate culture that is based on ethical values and behaviours;
 - There are formalised policies covering areas such as anti-bribery and corruption, embargo compliance;
 - There is a company-wide “speak up” policy covering breaches or potential breaches of our business principles, unlawful conduct, financial malpractice or dangers to the public and the environment;
 - The importance of ethical value and behaviours is included in the regular staff meetings mentioned above; and
 - Compliance during year: Reiterated during staff briefings.

-
- Maintain governance structures and processes that are fit for purpose and support good decision-making by the board; and
 - In addition to the Board, that comprise two executive and three non-executive directors, the following sub-committees of the Board are in place, each having their own terms of reference and comprise solely of non-executive directors of the Company, except for the Nomination Committee which includes the Chief Executive Officer:
 - Audit Committee whose main responsibilities are:
 - monitor and review reports from the Executive Directors, including the Group's financial statements and Stock Exchange announcements;
 - monitor and review the Group's systems of internal control;
 - review reports from the Group's external auditors;
 - monitor any corporate governance and accounting developments;
 - monitor the Group's bribery act compliance procedures; and
 - consider and recommend to the Board the reappointment of the external auditor.
 - Remuneration Committee whose main responsibilities are reviewing remuneration arrangements for the Board and other senior employees of the Group and for providing general guidance on aspects of remuneration policy for the Group; and
 - Nomination Committee whose main responsibilities are the reviewing and recommending executive and Non-Executive Board appointments for the Group.
 - Compliance during year: Appropriate meetings held by all committees during the year under review.
 - Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.
 - The compliance with this principle has been addressed through regular meetings with investors and regular staff and other stakeholder meetings as outlined above; and
 - Compliance during year: See above comment

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTEQ TECHNOLOGIES PLC

Opinion

We have audited the financial statements of Enteq Technologies Plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing and evaluating management's going concern assessment process and procedures;
- Reviewing the cashflow forecast for the period to 30 September 2025;
- Review and corroboration of the key assumptions made by management;
- Assessing the accuracy of managements' forecasting by reference to post-year end performance to date;
- Stress testing the forecasts to understand the sensitivity to reasonably possible changes in assumptions and inputs;
- Verifying the integrity of the data including vouching cash position to post year-end bank statements and reviewing the mathematical accuracy of the forecasts; and
- Reviewing the appropriateness and transparency of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit.

The materiality applied to the Group financial statements was \$125,000, based on 1% of gross assets. Our determination was considered appropriate based upon where the areas of significant audit risk arose. Gross assets include in-process research and development ("IPR&D") technology and property, plant and equipment, trade and other receivables and cash and cash equivalents. The going concern of 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.

We also adopted the same materiality benchmark for Enteq Technologies USA Inc, a financially significant component of the group, which resulted in component materiality of \$90,000. This entity is the key operational entity, in which all of the IPR&D technology is held.

The materiality applied to the Parent Company's financial statements was \$21,500. The benchmark for determining materiality of the Parent Company was 1% of net assets. Net assets is an appropriate benchmark as the Parent Company is not a revenue generating enterprise and the users will be most interested in the value of the Company's net assets rather than a profit or loss metric. Performance materiality of the Group, Parent Company and significant component was set at \$81,250, \$13,975 and \$58,500 respectively. A benchmark of 65% for performance materiality during our audit of the Group and all components was applied as we believe that this would provide sufficient coverage of significant and residual risks.

We agreed with the audit committee that we would report to them all audit differences identified during the course of our audit in excess of \$6,250 for the Group, \$1,075 for the Parent Company and \$4,500 for the significant component, based on 5% of overall materiality. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. Materiality has been reassessed at the closing stages of the audit, taking into consideration new information which arose. No alterations were made to materiality at the conclusion of the audit.

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we assessed the areas requiring the Directors to make subjective judgements, for example in respect of significant accounting estimates and judgements including the carrying value of the Group's intangible assets related to its flagship SABER project, accounting treatment of the sale of XXT related business assets and recoverability of intercompany balances held in the Parent Company. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Both the Parent Company and Enteq Technologies USA Inc were assessed as significant components of the Group and we therefore designed procedures focused on the significant accounting estimates and judgements noted above.

Work on all significant components of the Group has been performed by us as Group auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p>Classification and Valuation of intangible assets (Note 10)</p> <p>The carrying value of the Group's intangible assets related to its flagship SABER project at 31 March 2024 is \$8,328k. The intangible assets relating to the SABER tool have increased by \$1,844k during the year. There is significant judgement involved in determining which costs are deemed to meet the criteria for capitalisation outlined in IAS 38 <i>Intangible Assets</i> and consequently there is a risk that costs have been incorrectly capitalised.</p> <p>Management is required to assess annually whether impairment indicators arise as determined by IAS 36 <i>Impairment</i>. Due to the current stage of development and level of commercialisation of the SABER project, this assessment requires a high level of judgement and includes estimation uncertainty.</p> <p>As a result of the high level of judgement and estimation uncertainty involved, we consider the classification and valuation of intangible assets to be a key audit matter.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Vouching a sample of the additions to supporting documentation to confirm accuracy; • Considering whether the Group's policy for the treatment of such costs is in accordance with IAS 38 and considering whether the costs meet the capitalisation criteria under IAS 38; • Reviewing board minutes, Regulatory News Service announcements and making enquiries of management to assess whether all ongoing projects have been accounted for at year end in order to ensure completeness of costs capitalised; • Obtaining and reviewing the valuation report prepared by management's expert and assessing the competence and independence of the expert; • Discussing with management the rationale for, and assessing the reasonableness of, key assumptions used in the calculation of the recoverable amount; • Performing sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions used within the discounted cash flow model; • Considering indicators of impairment denoted within IAS 36 and considering whether any indicators are deemed to be met; • Holding discussions with key management as to the current status of testing of the SABER tool and results to date, and gaining an understanding of outlook on future performance; and • Considering the appropriateness of the associated disclosures in the financial statements relating to the intangible assets carrying value and impairment assessment.

Key Audit Matter	How our scope addressed this matter
<p>Accounting for and classification of the sale of the XXT related business assets (Note 20)</p> <p>The sale of the XXT related business assets occurred on 11 April 2023. These assets, comprising of accounts receivable and inventory, were classified as held for sale as at 31 March 2023. There is a risk that this transaction has not been accounted for correctly and, due to the materiality of the transaction, we have assessed this as a key audit matter.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Obtaining and checking the arithmetical accuracy of management’s workings for the sale of the XXT related business assets; • Agreeing the sale consideration to the underlying agreement and to receipt in bank; • Reviewing the accounting entries recorded in respect of the sale and ensuring these are in accordance with IFRS and appropriately presented in the financial statements; • Ensuring that any gains or losses have been correctly disclosed and classified within the financial statements; and • Reviewing the disclosures made surrounding the sale of XXT to ensure compliance with IFRS.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors’ responsibilities, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the Directors are responsible for assessing the Group and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from:
 - Companies Act 2006;
 - AIM Rules;
 - UK and US tax and employment law;
 - Anti-bribery and money laundering regulations;
 - Relevant health and safety legislation; and
 - General Data Protection Regulation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
 - Enquiries of management regarding potential non-compliance;
 - Reviewing legal and professional fees to understand the nature of the costs and to identify the potential existence of any non-compliance with laws and regulations;
 - Obtaining letters from the Company's lawyers to confirm there is no ongoing litigation; and
 - Review of minutes of meetings with those charged with governance and Regulatory News Service announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the valuation of intangible assets and we addressed this by challenging the assumptions and judgements made by management when auditing that accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Imogen Massey (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

20 August 2024

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 on pages 35 to 56 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	-
		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 on pages 35 to 56 form an integral part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 August 2024 and were signed on its behalf by:

.....
Andrew Law

Chief Executive Officer

20 August 2024

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 on pages 35 to 56 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)
<u>Adjustments for:</u>		
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 on pages 35 to 56 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023)

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 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:

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 of 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 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 on pages 20 to 22.

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 USD '000	2023 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)
<u>Effects of:</u>		
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
<u>Earnings attributable to equity shareholders of the Group:</u>			
Loss from continuing operations	USD '000	3,108	1,358
Loss for the year	USD '000	2,118	2,804
<u>Number of shares:</u>			
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
<u>Earnings per share from continuing operations:</u>			
Basic earnings per share	US cents	(4.4)	(2.0)
Diluted earnings per share	US cents	(4.4)	(2.0)
<u>Earnings per share:</u>			
Basic earnings per share	US cents	(3.0)	(4.0)
Diluted earnings per share	US cents	(3.0)	(4.0)
<u>Earnings per share from discontinued operations:</u>			
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;
- 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 construction 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	2023
	USD '000	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 USD '000	2023 USD '000
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	2023
	Number of options	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	2023
	Number of options	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 on pages 20 to 22. Directors' interests in the ordinary shares of the Group are included in the Remuneration Committee report on page 22.

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

2023			
Trade and other payables	1,243	-	-

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 USD '000	2023 USD '000
Non-current assets			
Property, plant and equipment	5	36	46
		36	46
Current assets			
Trade and other receivables	6	162	2,589
Cash and cash equivalents	7	2,678	5,071
		2,840	7,660
Total assets		2,876	7,706
Current liabilities			
Trade and other payables	8	639	909
Lease liabilities	9	13	-
		652	909
Non-current liabilities			
Lease liabilities	9	77	-
		77	-
Net assets		2,147	6,797
Equity			
Share capital	10	1,104	1,080
Share premium	10	92,280	92,037
Share based payment reserve	10	10	448
Retained earnings	10	(91,247)	(86,768)
Total equity		2,147	6,797

The accounting policies and the notes on pages 59 to 66 form an integral part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its statement of profit and loss for the year. The Company reported a loss of \$4.8 million for the year ended 31 March 2024 (2023: loss of \$10.3 million).

The financial statements were authorised for issue by the Board of Directors on 20 August 2024 and were signed on its behalf by:

.....
Andrew Law

Chief Executive Officer

20 August 2024

COMPANY 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	(76,704)	16,719
Loss for the year	-	-	-	(10,273)	(10,273)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(10,273)	(10,273)
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	(86,768)	6,797
Loss for the year	-	-	-	(4,770)	(4,770)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(4,770)	(4,770)
Issue of shares	24	243	-	-	267
Share based payment charge	-	-	(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	(91,247)	2,147

The accounting policies and the notes on pages 59 to 66 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Enteq Technologies PLC (“Enteq” or “the Company”) is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the Company Information on page 1.

The financial statements have been prepared in accordance with UK generally accepted accounting practice and in accordance with Financial Reporting Standard 101 – ‘The Reduced Disclosure Framework’ (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a going concern basis under the historical cost convention.

The board regularly reviews the Company’s resources to ensure they are sufficient to continue trading for the foreseeable future. It is therefore considered appropriate to use the going concern basis to compile these financial statements. The main requirement is for sufficient financial resources to maintain the overhead required to fulfil the pipeline of business.

The financial statements are presented in US dollars (“USD”) as the majority of the Company’s subsidiaries’ activities and transactions are in USD.

Management notes that the Company’s strategy is to invest in services aligned to the oil and gas industry, an industry which trades principally in USD. All future operations and sources of funding are also expected to be located in the United States for the foreseeable future.

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The Company’s profit is disclosed in Note 3.

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101:

- The requirements of IAS 24: related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- Presentation of comparative reconciliations for intangible assets and property, plant and equipment;
- Disclosure of key management personnel compensation;
- Capital management disclosures;
- Presentation of a comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- The effect of future accounting standards not adopted;
- Presentation of a cashflow statement;
- Certain share-based payment disclosures; and
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value).

2 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.

Foreign currencies

Foreign currency transactions are translated into the local currency of the Company, US dollars, using the exchange rates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

Property, plant and equipment

Tangible property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

The estimated useful lives are determined separately for each category and are as follows:

Computer equipment	3 years
Office equipment	1 year

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the administrative expenses in the year the item is derecognised.

Leases

For any new contracts entered into, the Company 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 Company 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 Company
- the Company 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 Company has the right to direct the use of the identified asset throughout the period of use.

The Company 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 Company 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 Company, 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 Company 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 Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company 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 Company'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 Company 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.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

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 Company 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.

Amounts due from or to group companies

Amounts due from or to group companies are initially recognised at fair value being the present value of future interest and capital receipts discounted at the market rate of interest for a similar financial asset or liability. For group loans which are due on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition then such loans are carried at the amount due/payable on an amortised cost basis. Interest receivable or payable on the loan is recognised in profit or loss under the effective interest method. The ability of the group entity to repay their respective balances are reviewed at the end of each reporting period and the appropriate impairment recognised. As the only balance is with Enteq Technologies USA Inc. this impairment review is based on the ability of this entity to generate cash in both the short and medium term.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset ("stage 1"), twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised ("stage 2"). For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised ("stage 3").

Equity instruments

Equity instruments issued by the Company 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.

Share based payments

All employees receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Enterprise Management Incentive Plan option scheme. The Executive Directors and other senior managers receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Performance Share Plan. Both these schemes have options that vest three years after the date of grant. The total amount to be expensed 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 fair value is based upon a Black-Scholes model taking into account different scenarios for the possible outcomes of the Company's investment activities, using management's best estimates of these likely outcomes. The total expense is based upon initial conditions and will crystallise smoothly over the vesting period without reassessment of the initial fair value. 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 Company has a Performance Share Plan ("PSP") for the Executive Directors and other key senior managers in place. The awards at the nominal value of the shares, but the exercise of which is subject to certain performance conditions and is at the total discretion of the Remuneration Committee.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Critical accounting estimates and judgements

The preparation of the financial statements in conforming with FRS 101 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.

Carrying value of intragroup balances

Management exercises judgment in assessing the financial viability of subsidiaries and other group entities. This includes evaluating the current and forecasted financial performance, considering factors such as historical trends, market conditions, and the entities' ability to generate future cash flows. Estimating the recoverable amounts of intercompany receivables requires significant judgment, particularly in determining the expected future cash flows from the subsidiaries. Management considered various scenarios, including the likelihood of each scenario occurring and the potential impact on the recoverability of the receivables.

Management will continue to monitor the financial situation of subsidiaries closely and reassess the impairment of intercompany receivables in future financial periods if necessary. Further information is set out in Note 6.

3 PROFIT/(LOSS) FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its Statement of Profit and Loss for the year. The Company reported a loss of \$4.8 million for the year ended 31 March 2024 (2023: loss of \$10.3 million).

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are disclosed in Note 5 to the consolidated financial statements.

The monthly average number of employees during the year was 5 (2023: 6). Full details of the Directors' remuneration and interests are set out in the Remuneration Committee report on pages 20 to 22.

4 INVESTMENTS

	Shares in Group undertakings USD '000
Cost	
As at 1 April 2022	23,285
Additions	-
As at 31 March 2023	23,285
Additions	-
As at 31 March 2024	23,285
Impairment	
As at 1 April 2022	23,285
Additions	-
As at 31 March 2023	23,285
Additions	-
As at 31 March 2024	23,285
Net book value	
As at 31 March 2023	-
As at 31 March 2024	-

The Company's investments at the year-end date in the share capital of companies represent the following:

	Country of incorporation	Nature of business	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%

5 PROPERTY, PLANT AND EQUIPMENT

	Office equipment USD '000	Computer equipment USD '000	Total USD '000
Cost			
As at 1 April 2022	39	10	49
Additions	21	-	21
Disposals	-	-	-
As at 31 March 2023	60	10	70
Additions	-	1	1
Disposals	-	-	-
As at 31 March 2024	60	11	71
Accumulated depreciation			
As at 1 April 2022	5	10	15
Charge for the year	9	-	9
Disposals	-	-	-
As at 31 March 2023	14	10	24
Charge for the year	11	-	11
Disposals	-	-	-
As at 31 March 2024	25	10	35
Net book value			
As at 31 March 2023	46	-	46
As at 31 March 2024	35	1	36

6 TRADE AND OTHER RECEIVABLES

	2024 USD '000	2023 USD '000
<u>Amounts owed by Group undertakings:</u>		
Gross amount owed	27,614	26,878
Provision	(27,614)	(24,405)
	-	2,473
Prepayments	63	49
Other receivables	99	67
	162	2,589

The Directors consider that the carrying amount of trade receivables and accrued income approximates to fair value. A carrying value exercise has been conducted at the year-end that shows that the net receivable from group undertakings is held at the appropriate value. The Directors review the intercompany receivables and loans on a regular basis, together with the associated cash flows of each company, and assess under the expected credit loss (ECL) model as required by IFRS 9.

7 CASH AND CASH EQUIVALENTS

	2024 USD '000	2023 USD '000
USD denominated balances	2,036	4,904
GBP denominated balances	642	167
	2,678	5,071

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

8 TRADE AND OTHER PAYABLES

	2024	2023
	USD '000	USD '000
Trade payables	235	565
Accruals and other payables	404	344
	639	909

The Directors consider that the carrying amount of trade and other payables equates to fair value.

9 LEASES

Right-of-use assets

	Property leases
	USD '000
As at 1 April 2023	-
Additions	95
Depreciation charge for the year	(3)
Impairment	(92)
As at 31 March 2024	-

Lease liabilities

	2024	2023
	USD '000	USD '000
As at 1 April	-	-
Additions	95	-
Lease interest	1	-
Payments	(6)	-
As at 31 March	90	-
Current	13	-
Non-current	77	-
	90	-

Lease payments are included within cash flows from operating activities in the statement of cash flows. The contractual maturity of lease liabilities are as follows:

	Less than 6 months	6 to 12 months	More than 12 months
	USD '000	USD '000	USD '000
2024			
Lease liabilities	6	7	77

10 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 Company 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.

11 RELATED PARTY DISCLOSURES

Key management personnel

Full details of the Directors' remuneration and interests are set out in the Remuneration Committee report on pages 20 to 22. Directors' interests in the ordinary shares of the Group are included in the Remuneration Committee report on page 22.

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 Company

There are no entities with significant influence over the Company.

12 SUBSEQUENT EVENTS

There were no adjusting or non-adjusting events that occurred after the year end date and up to the date of signing the financial statements.