

Year ended 31 March 2020

Supplier and Developer of Technology for Directional Drilling

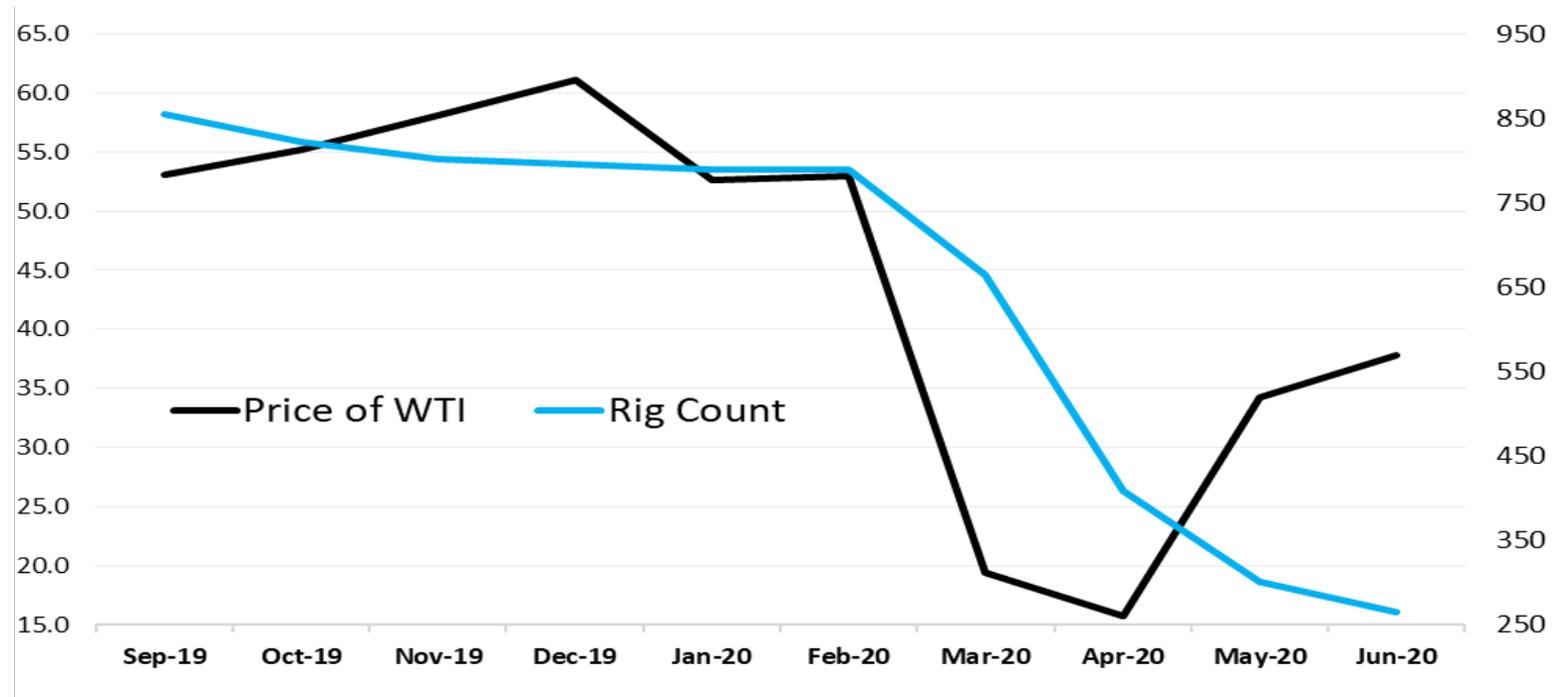
- Enteq develops and markets specialist technology to enable efficient drilling of Oil, Gas & Geothermal wells
- The technology, including Measurement While Drilling systems, utilise sophisticated sensors and instrumentation to gather data in the hostile down-hole environment
- Directional Drilling services market is @ \$10bn
- MWD equipment supply market is @ \$100m
- Target New Technology market is @ \$2bn



- Growth in both revenue and adjusted EBITDA
- International revenue up from 9% to 30% of total
- Continued investment in new technologies and rental fleet
- Prudent reaction to recent downturn:
 - Significant (17%) reduction in overhead
 - Non-cash write down of intangible assets (\$4.2m) & Inventory carrying value (\$2.7m)

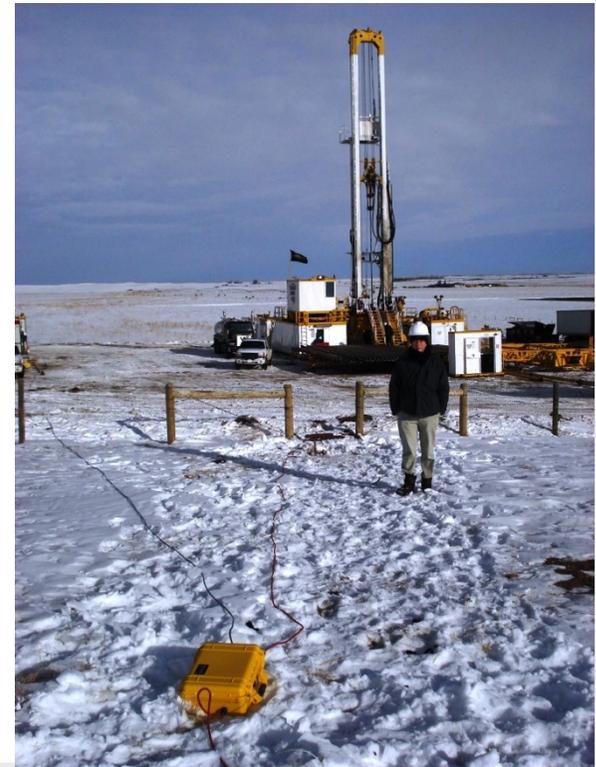
<i>\$m</i>	March 20	March 19
Revenue:		
North America	7.7	9.3
International	3.2	0.9
Total	10.9	10.2
Adjusted EBITDA	3.1	2.5
Cash	10.2	11.9
Overheads	3.5	4.2

- Up to mid-March WTI oil price stable within \$50 - \$65 price range
- Dramatic reduction in oil price to \$19 by end March (now: approx. \$38)
- North America rig count halved since March (June* '20: 265; May '18: 1,060; Nov '14: 1,925)

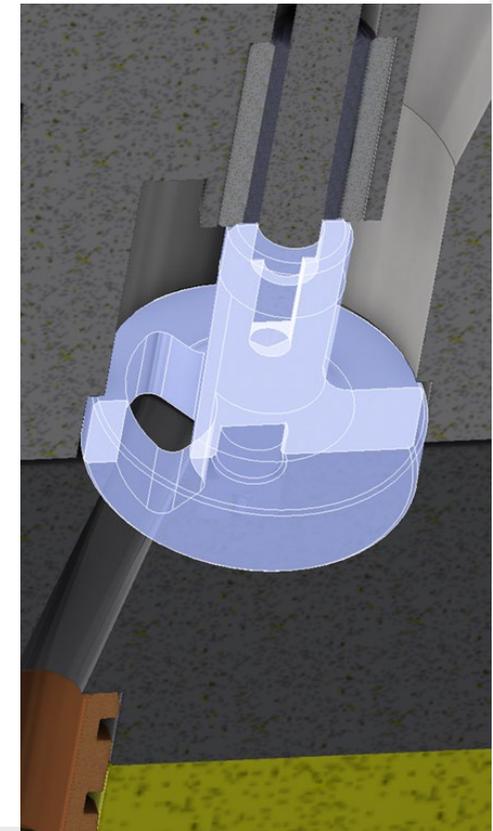


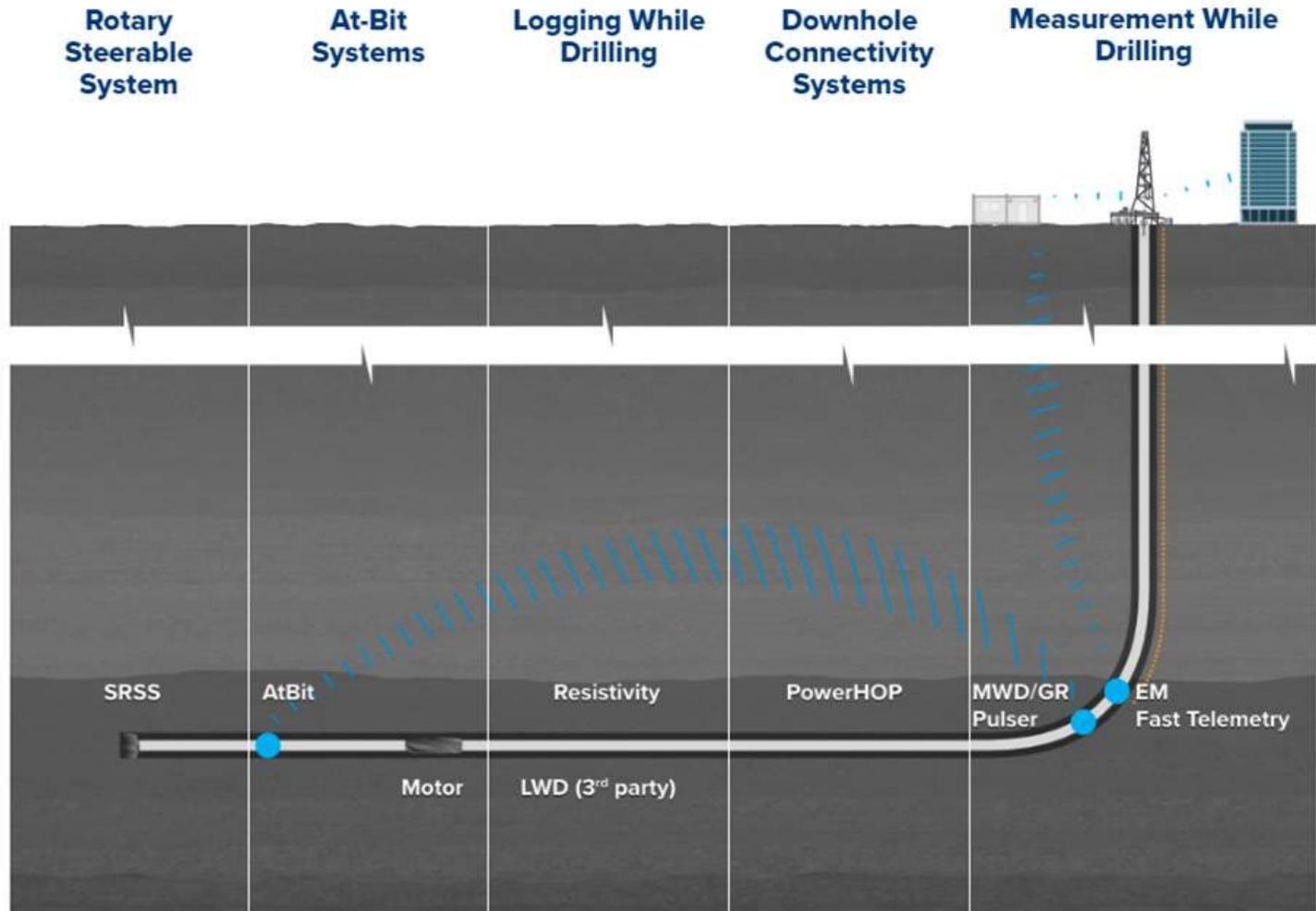
- North American shale drilling market considerably reduced in short term
 - Over capacity of equipment in the market
- Strategic drilling, for gas especially, still a major focus in China
- Capacity to replace non-economic U.S. oil needed in Middle East and Russia
- Changing market may favour local service providers (Enteq customers)
 - Need to purchase / rent equipment
- Requirement for efficiency in drilling and lower operating costs
- Maintaining production levels in the medium term will require more wells to be drilled

- Continue to grow International revenue
 - Chinese market up from c10% of total revenue to c25%
 - 3 new customers with potential follow on orders
 - \$1.0m order for additional new customer announced in May
 - New partner in Saudi Arabia registered during year
 - Focus on sales for Saudi Aramco operations
 - Ongoing demand from Russia
- Flexible business model for North America
- New web-site launched
- Focus on New Technology

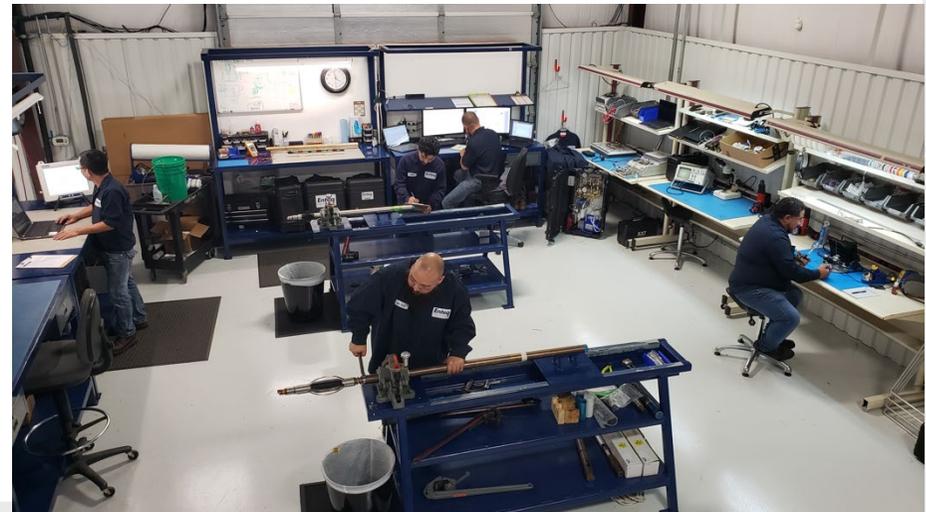


- Enteq strategy is to use funds for investment in new technical solutions for efficient, low cost drilling
- On-going investment in rotary steerable solution
 - Licence agreement announced in September 2019 with Shell
 - exclusive rights to the IP and know-how
 - offers significant advantages over traditional directional drilling techniques
 - faster, reliable drilling at lower cost
 - rotary steerable market is currently dominated by the major suppliers
 - global market still estimated to be greater than \$2bn
- Pipeline of further high impact technology investments under evaluation





- Major restructuring in mid-March 2020
 - 11 Houston redundancies
 - Total group headcount 19 at end March (down 14 during year)
 - Agreed separation with Texas based co-founder in April
 - simplified US management structure
- UK
 - Board / Senior Management
 - Change of non-exec director
 - International Business Development
 - Engineering team established
- Houston
 - Electronic manufacturing
 - Technical support
 - Sales & Marketing support
 - Administration



Income statement

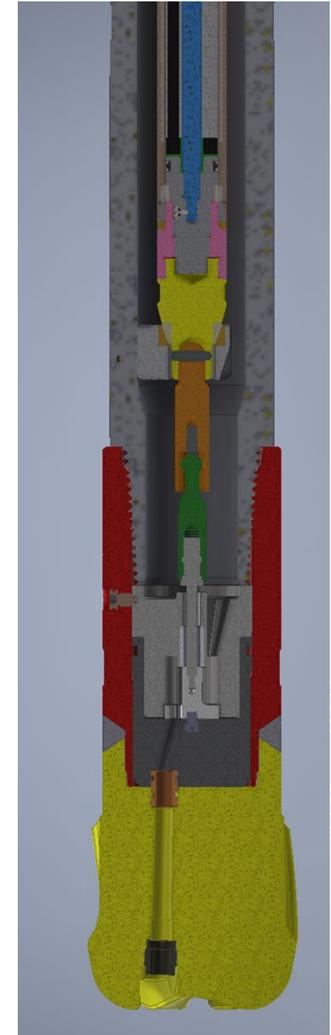
	March 20	March 19
	\$m	\$m
Revenue	10.9	10.2
Gross profit	6.6	6.7
Overheads	(3.5)	(4.2)
Adjusted EBITDA	3.1	2.5
Depreciation & amortisation	(3.6)	(2.7)
Exceptional items:		
Intangibles	(4.2)	-
Inventory	(2.7)	-
Other	(0.4)	-
Interest	0.3	0.2
Other	(0.3)	(0.2)
Loss before tax	(7.8)	(0.2)
Tax	-	0.1
Loss after tax	(7.8)	(0.1)
<i>Gross Margin</i>	<i>61%</i>	<i>65%</i>

	March 20	March 19
	\$m	\$m
Adjusted EBITDA	3.1	2.5
Change in net working capital	(2.2)	(1.5)
Operational cash generated	0.9	1.0
Rental fleet additions	(0.7)	(3.8)
R&D expenditure	(2.2)	(1.3)
Capex	(0.2)	(0.2)
Interest and other	0.5	0.7
Net cash movement	(1.7)	(3.6)
Opening cash	11.9	15.5
Closing cash	10.2	11.9

Net assets

	March 20	March 19
	\$m	\$m
Intangibles (R&D capitalised)	0.1	2.4
Land & buildings (Freehold of SHO)	2.1	2.1
Plant & equipment	0.3	0.2
Rental fleet	1.0	3.4
Trade & other receivables	2.1	2.3
Inventories held for resale	3.1	4.5
Trade & other payables	(2.2)	(2.8)
Cash	10.2	11.9
Net assets	16.7	24.0

- USA land drilling uncertain
 - Overcapacity in market
- International markets showing more opportunities
 - China
 - Middle East
 - Russia
- New technologies (rotary steerable) will give access to sizeable new market sectors
- Proven track record of prudent cash management during downturns



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Date: June 2020