HUNTING

Proven capabilities for energy and beyond

Hunting PLC 2023 Half Year Report

Highly trusted innovator and manufacturer of technology and products

Hunting PLC
2023 Half Year Report

Hunting is a global engineering group that provides precision-manufactured equipment and premium services, which add value for our customers. This is achieved by providing high-technology products that lower the cost of operation, resolve technical problems, or enable a job to be completed more quickly or safely, without compromising on quality.

Hunting is a key supplier to the global energy industry. Our other target sectors include aviation, commercial space, medical and power generation.

We are also targeting energy transition markets including geothermal and carbon capture projects, which are seeing strong, long-term growth.

Hunting is a premium-listed Company, quoted on the London Stock Exchange and is a constituent of the FTSE All-Share Index.

Contents

Half Year Management Report

Hunting PLC, the global engineering group, announces its results for the six months ended 30 June 2023.

Group Review

Financial Performance Measures

	H1 2023 $m	H1 2022* $m	H2 2022 $m
Revenue	**477.8**	336.1	389.7
EBITDA (NGM C)	**48.7**	23.6	28.4
EBITDA margin**	**10%**	7%	7%
Adjusted operating profit*** (NGM B)	**26.2**	4.7	9.9
Adjusted operating margin****	**5%**	1%	3%
Adjusted diluted earnings/(loss) per share*** – cents (NGM B)	**9.6c**	(0.5)c	5.2c
Free cash flow (NGM L)	**(39.8)**	(3.2)	(35.2)
Total cash and bank borrowings (NGM I)	**(51.7)**	85.6	24.5

Financial Performance Measures Derived From IFRS

	H1 2023 $m	H1 2022 $m	H2 2022 $m
Operating profit	**26.2**	1.7	0.3
Diluted earnings/(loss) per share – cents	**9.4c**	(2.4)c	(0.4)c
Interim dividend per share – cents	**5.0c**	4.5c	4.5c
Sales order book	**529.7**	325.9	473.0

* Restated for adjusting items in respect of legal fees incurred of $3.0m, see note 1.
** EBITDA as a percentage of revenue.
*** Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in Non-GAAP Measures ("NGM") on pages 33 to 38.
**** Adjusted operating profit as a percentage of revenue.

Introduction

In March 2023, the Company announced its Hunting 2030 Strategy, which commits the Group to a pathway of growth and revenue diversification to the end of the decade. Management are focused on three strategic deliverables:

1) Capitalising on the strong global energy market environment to drive long-term profitability and cash flow;
2) Positioning the Company to be a key supplier to energy transition markets, including geothermal and carbon capture sub-sectors; and
3) Building higher non-oil and gas sales, particularly in the areas of aviation, commercial space, medical and power generation.

Whilst the Company will be presenting more detail on these initiatives at a Capital Markets Day on 13 September 2023, management has made good progress in putting in place the key foundations of this strategy during the reporting period.

Global energy markets continue to show robust, medium- to long-term strength as energy demand and economic growth continue their post-COVID recovery. The strength of this recovery is demonstrated in the Company's record sales order book, which increased from its 2022 year-end position of $473.0m to $529.7m at 30 June 2023. This order book predominantly comprises of Oil Country Tubular Goods ("OCTG"), Subsea and Advanced Manufacturing orders, which underlines the broad-based nature of the recovery in the global oil and gas market, but also highlights Hunting's diverse energy and non-oil and gas portfolio.

Introduction continued
In December 2022, Hunting announced the formation of an Energy Transition sales group to pursue growing opportunities in this high growth space. During H1 2023, the Group commenced the testing of proprietary Premium Connections, which are being developed for the changing energy market. The technical challenges of carbon capture and storage ("CCUS") and geothermal applications, which includes the temperature environments and cycling performance of the materials required for these projects, places Hunting in a strong position to provide both connections, OCTG and critical supply channels for project developers. This has culminated in the 10-year Strategic Alliance with Zhejiang Jiuli Hi-Tech Metals Co. Ltd ("Jiuli"), which secures Hunting's supply of high nickel and chrome alloy OCTG and casing used in CCUS and geothermal applications, as well as more challenging oil and gas well designs. Additional sales personnel have been added in both North America and Asia Pacific to capitalise on this short- to long-term opportunity.

In the period, the Group also continued to develop non-oil and gas sales, primarily through the Advanced Manufacturing group, with new aviation, medical, commercials space and power generation sales being secured. This has led to an increase in revenue of 50% to $36.1m.

Hunting's core oil and gas businesses have seen good growth in the period, both in North America where market volatility has led to a shift from gas to oil drilling, but also internationally where activity in South America, the Middle East and Asia Pacific has led to strong increases in revenue and EBITDA. Of note has been the increase in the opportunities in South America, with the Company's Premium Connections, Accessories Manufacturing, Perforating Systems and Subsea product lines seeing either strong manufacturing orders or order book intakes for developments in Argentina, Brazil, Guyana and Suriname. Hunting's EMEA operating segment has also benefited from this high growth market, with orders continuing from Tubacex.

Hunting's international OCTG businesses have recorded strong increases in momentum since Q3 2022. Following the successful order from CNOOC, the Group secured a large, medium-term order with Cairn Oil and Gas in India, which underlines the momentum of the industry as countries restart drilling after the COVID-19 pandemic.

Overall, the Board is pleased with the development of the Group during the reporting period as the short- to medium-term strength of traditional primary energy sources are supporting growth along with providing support to the medium- to long-term investment in the energy transition and non-oil and gas revenue diversification, which form the basis of the Hunting 2030 Strategy.

Strategic Initiatives
The Group has delivered on a number of strategic objectives during H1 2023:

Further Strengthening of Sales Order Book
The Company continued to build its sales order book during the period and at 30 June 2023 this stood at $529.7m (31 December 2022 – $473.0m; 30 June 2022 – $325.9m). The order book comprises 4% Perforating Systems; 47% OCTG; 28% Advanced Manufacturing; 19% Subsea; and 2% Other Manufacturing.

Of this order book, approximately 70% is expected to be completed by the year-end; 20% during 2024; and 10% from 2025 onwards, underlying the changing profile of Hunting's revenue visibility.

$91m Contract Award with Cairn Oil and Gas, Vedanta Limited
On 30 May 2023, the Company announced a record contract that management estimates to be worth up to $91m with Cairn Oil and Gas, Vedanta Limited, for the supply of Hunting's SEAL-LOCK XD™ Premium Connection along with OCTG. The contract is for an estimated 100 wells and is to extend up to three years for Cairn's operations in Rajasthan, India.

This order supports management's belief that international market sentiment remains extremely strong as governments and countries address the challenges of energy security, the development of domestic supply and post-COVID economic recovery.

10-Year Strategic Alliance Signed with Zhejiang Jiuli Hi-Tech Metals Co. Ltd ("Jiuli")
On 5 June 2023, the Company announced a 10-year strategic alliance with Zhejiang Jiuli Hi-Tech Metals Co. Ltd ("Jiuli"), for the supply of corrosion resistant alloys ("CRA") for OCTG, CCUS and geothermal applications. The partnership brings together Hunting's SEAL-LOCK™ Premium Connection technology with Jiuli's CRA, such as duplex/super duplex and high nickel-based alloys, for downhole casing and production tubing applications, which meet some of the harshest well conditions in the traditional oil and gas industry as well as the emerging CCUS and geothermal markets. The partnership also adds to Hunting's existing OCTG product portfolio and enables the supply of the widest range of premium OCTG for its client base, within the international oil and gas and energy transition markets, as projects accelerate in the key areas of North America, Middle East and Africa and Asia Pacific.

CCUS and geothermal are two end-markets that Hunting is pursuing as part of its strategy to become a key supplier to these sectors by providing project developers with critical supply channels and the premium connections required for these increasingly challenging technical projects, which operate in demanding sub-surface environments. All these end-markets are expected to show robust demand and growth in the medium and long term.

Collaboration Agreement with CRA-Tubulars B.V.
On 13 July 2023, Hunting announced a collaboration agreement with CRA-Tubulars B.V., to further develop the Company's presence in energy transition markets. The collaboration provides the Company with access to novel titanium composite tubing technology, which is showing strong potential in CCUS project applications.

The technology has won awards within the Shell 'Game Changer' technology programme, and Hunting is exploring the use of the technology alongside its SEAL-LOCK™ Premium Connection technology.

The collaboration agreement includes exclusive marketing, distribution and manufacturing rights for oil and gas and carbon capture and storage markets in North America for a period of five years.

Restructuring and Operational Efficiency
Hunting is continuing to drive stronger internal operational efficiencies throughout its global footprint. Hunting Titan has commenced the closure of its Oklahoma City operating site and will transfer the manufacture of perforating systems to the Group's Pampa, Texas and Monterrey, Mexico facilities. A distribution centre will be retained to continue to service clients in the Mid-Continent Region of the US.

Within the EMEA operating segment, the manufacturing and assembly operations of the Group's main well testing site are to be transferred from the Netherlands to Dubai, which will lead to the closure of a facility at Velsen-Noord, with activities in the Netherlands to be merged into a single location. Sales, engineering and service support functions will be maintained in the Netherlands to support European clients. Hunting's Dubai operations are to be relocated to a larger, higher efficiency facility in the UAE to accommodate the manufacturing operations of the well testing business, which also positions Hunting to capitalise on the strong market outlook for the Middle East in the long term. Hunting will retain a single facility in Velsen-Noord to support oil and gas and energy transition clients across Europe.

Disposal of Exploration and Production Assets
During H1 2023, the Group has completed a disposal process of all but one of its US onshore and offshore oil and gas producing assets, which are held by Hunting's wholly owned subsidiary, Tenkay Resources, Inc ("Tenkay"). The assets have been sold on an asset-by-asset basis to a variety of third parties. In addition, the Group has negotiated the transfer of the majority of the non-producing assets and respective future plug and abandonment liabilities, which have reduced Hunting's possible exposure to future decommissioning costs. The transfer of these non-producing assets was completed in July 2023 and, therefore, the assets were shown as held for sale at 30 June 2023, see note 8. As at 24 August 2023, Tenkay retains a working interest in the South Timbalier 34 asset, for which management is continuing to pursue a disposal in the short term.

Completion of Threading Facility in India, with Joint Venture Partner Jindal SAW
In Q2 2023, the Company completed the construction and commissioning of its new threading facility at Nashik Province, India, with its joint venture partner, Jindal SAW. The official opening of the facility is planned for 19 September 2023.

Operational Footprint
At 30 June 2023, the Group's operating sites were unchanged at 29 (31 December 2022 – 29). The number of distribution centres also remained unchanged during the period at 14 (31 December 2022 – 14).

Market Overview
The WTI oil price has remained in a range, which continues to support global drilling activity, with investment in offshore drilling being the area of highest growth.

	2023	2022
Average WTI Oil Price during period* – $/barrel	**74.82**	105.76
Average global rig count for the year** – #	**1,805**	1,706
Total footage drilled for the year** – million feet	**382.3**	379.4
Global offshore spend for the year** – $bn	**69.8**	53.5
Global onshore and offshore spend for the year** – $bn	**215.2**	190.2

* Source – Bloomberg.
** Source – Spears & Associates – June 2023 Drilling and Production Outlook.

Global capital expenditures for drilling and production are indicating a further rise for 2023, with offshore spend projected to grow by 30% from $53.5bn in 2022 to $69.8bn in 2023, and global land spend projected to increase from $136.7bn in 2022 to $145.4bn in 2023, or 6%. Supporting this is the overall increase in the global rig count to 1,805 units in 2023 or a 6% increase.

Trading Outlook
Global energy markets continue to display growth, stability and resilience, despite the macroeconomic narrative from some Western economies. Activity across the oil and gas industry continues to be strong, particularly within the offshore segment of the market and drilling continues to increase in momentum in South America, West Africa, the Middle East and Asia Pacific. On this basis, the Board believes Hunting has good momentum going into the second half of the year, with a performance similar to what has been delivered in H1 2023. Further improvements in working capital efficiencies are expected in H2 2023, with the total cash and bank borrowing position expected to unwind by the year-end as larger projects are completed in H2 2023.

Opportunities within energy transition markets are accelerating fast, driven by legislation in North America, Europe and Asia Pacific, as well as the decarbonisation initiatives announced by many companies and governments. Hunting will continue to increase its position in this market in the months ahead, by offering new technology and critical supply channels to the many stakeholders in this increasingly important sector.

The Company's Capital Markets Day is an exciting opportunity for Hunting to reinforce its investment case to investors as global energy markets return to robust growth and as traditional and new technologies and markets contribute to the ever-increasing complexity of the energy industry and future landscape. The Group has a strong position and reputation across multiple industries and end markets, and is well positioned to deliver strong long-term cash flows and returns for stakeholders into the medium and long term.

Dividend
The Board is declaring an interim dividend of 5.0 cents per share (H1 2022 – 4.5 cents), which represents an 11% increase over the interim dividend paid in 2022. This distribution will amount to an estimated cash return of $7.9m (H1 2022 – $7.2m).

The dividend will be paid in Sterling on 27 October 2023 with the Sterling value of the dividend payable per share fixed and announced approximately two weeks prior to the payment date, based on the average spot exchange rate over the three business days preceding the announcement date. The dividend will be paid to those shareholders on the register at the close of business on 6 October 2023, with an ex-dividend date of 5 October 2023.

The 2022 final dividend of 4.5 cents per share was paid in May 2023, which absorbed $7.1m.

Operating Results

Summary Group Operating Results

	H1 2023 $m	H1 2022* $m
Revenue	**477.8**	336.1
Cost of sales	**(363.6)**	(260.3)
Gross profit	**114.2**	75.8
Selling and distribution costs	**(25.4)**	(22.0)
Administrative expenses	**(63.2)**	(53.9)
Net operating income and other expenses	**0.6**	1.8
Operating profit	**26.2**	1.7
Adjusting items** (NGM A)	**–**	3.0
Adjusted operating profit (NGM B)**	**26.2**	4.7
EBITDA (NGM C)	**48.7**	23.6
Diluted earnings/(loss) per share – cents (note 7)	**9.6c**	(2.4)c
Adjusted diluted earnings/(loss) per share – cents (NGM B)**	**9.6c**	(0.5)c

* Restated for adjusting items in respect of legal fees incurred of $3.0m, see note 1.
** Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in NGM A.

Basis of Preparation

The Board continues to monitor the Group's progress using adjusted profitability measures and reviews and approves the adjusting items proposed by management, as the Group believes these adjusted measures aid the comparison of the Group's operating performance from one period to the next.

The Group's adjusted trading results have been highlighted in the management narrative below, with reconciliations between the statutory and adjusted results detailed in NGM A. Adjusting items for H1 2022 have been restated to include $3.0m of legal fees incurred in defending the legal case for the patent infringement claim to be consistent with the treatment of the legal fees at the 2022 year-end, see note 1.

The definition and calculation of a range of other NGMs including EBITDA, total cash and bank, working capital and free cash flow can be found on pages 33 to 38.

From 1 January 2023, Subsea Technologies is being reported as a separate operating segment. Hunting's presence within the subsea segment of the oil and gas industry has been steadily growing following the acquisition of RTI Energy Systems in August 2019, now called Subsea Spring, followed by the acquisition of Enpro Subsea in February 2020. Subsea Technologies was previously reported as part of the North America operating segment. The segmental results for 2022 were restated to show Subsea Technologies separately from North America as shown in note 2.

Revenue

Revenue for the six months ended 30 June 2023 increased by 42% to $477.8m compared to $336.1m in H1 2022. This increase reflects the strong international demand for oil and gas products generally, alongside a stable North America operating performance.

In the reporting period, all operating segments reported good growth in revenue compared to H1 2022. Hunting Titan increased its revenue by 6%; North America increased revenue by 55%; Subsea Technologies increased revenue by 20%; EMEA increased revenue by 25%; and Asia Pacific increased revenue by 172%.

Inter-segment revenue has also increased by $5.1m to $23.9m compared to $18.8m in H1 2022, reflecting the overall increase in activity levels within the Group.

Gross Profit

H1 2023 gross profit was $114.2m compared to $75.8m in the comparative period. Gross margin was 24% in the period (H1 2022 – 23%) as product mix, increased pricing and higher utilisation of facilities provided a better profit drop-through.

Operating Profit

The Group's operating profit for the period was much improved at $26.2m (H1 2022 – $1.7m) and the operating margin was 5% (H1 2022 – 1%), with selling and distribution costs and administrative expenses increasing to reflect the increase in activity across the Group.

Profit/(Loss) Before Tax

Net finance expense in the period was $3.5m (H1 2022 – $0.9m), with the higher expense reflecting the interest paid on the utilisation of the Asset Based Lending ("ABL") facility.

The Group's share of associates' and joint ventures' results was a $0.4m profit (H1 2022 – $1.3m loss), which is predominantly attributed to the Group's investment in Rival Downhole Tools.

Following the charges for interest and the associates' and joint ventures' results noted above, profit before tax in the period was $23.1m (H1 2022 – $0.5m loss).

Tax

The tax charge for the period was $5.7m (H1 2022 – $3.2m). This reflects an effective tax rate ("ETR") for the Group of 25% (H1 2022 – minus 640%). The Group has a somewhat volatile ETR whilst US deferred tax assets remain unrecognised.

Profit/(Loss) for the Period
The profit for the period was $17.4m (H1 2022 – $3.7m loss), with profit attributable to owners of the parent of $16.0m (H1 2022 – $3.9m attributable loss).

This profit resulted in diluted earnings per share of 9.6 cents (H1 2022 – 2.4 cents loss per share).

Adjusting Items

There were no adjusting items in H1 2023. Adjusting items for the comparative period in 2022 comprise $3.0m of legal fees incurred in relation to the Group's defence against a patent infringement claim. No tax arose on these due to the fact that deferred tax was not recognised in relation to this jurisdiction. The adjusted ETR for the Group for H1 2022 was, therefore, 128% (NGM D).

Non-GAAP Measures

In H1 2023, the Group generated EBITDA of $48.7m compared to an EBITDA of $23.6m in H1 2022.

The EBITDA margin of the Group has improved in the reporting period and in H1 2023 was 10% compared to 7% in H1 2022.

The Group generated EBITDA in the first half of 2023 similar to what was reported for the whole of 2022, demonstrating the increasing strength of global energy markets, the Group's sales order book and overall demand for its diverse product portfolio.

As there were no adjusting items in the reporting period, the Group's adjusted profit measures are the same as the statutory results.

Group Funding and Cash Position at the Half Year

	H1 2023 $m	H1 2022* $m
EBITDA (NGM C)	**48.7**	23.6
Add: share-based payment charge	**7.5**	4.6
	56.2	28.2
Working capital movements (NGM K)	**(85.9)**	(22.1)
Lease payments	**(5.6)**	(4.5)
Net interest and bank fees paid	**(2.2)**	(3.2)
Net tax paid	**(4.7)**	(2.3)
Proceeds from business and asset disposals	**1.3**	7.5
Net gains on business and asset disposals	**(1.3)**	(2.2)
Legal fees to defend patent infringement claim	**–**	(3.0)
Other operating and non-cash movements	**2.4**	(1.6)
Free cash flow (NGM L)	**(39.8)**	(3.2)
Capital investment	**(13.2)**	(7.4)
Intangible asset investment	**(6.5)**	(1.5)
Investment in associates and joint ventures	**(1.6)**	(1.9)
Dividend received from associates	**0.6**	–
Dividends paid to equity shareholders	**(7.1)**	(6.4)
Net purchase of treasury shares	**(8.5)**	(4.0)
Net cash outflow	**(76.1)**	(24.4)
Foreign exchange	**(0.1)**	(4.2)
Movement in total cash and bank borrowings	**(76.2)**	(28.6)
Opening total cash and bank borrowings	**24.5**	114.2
Closing total cash and bank borrowings (NGM I)	**(51.7)**	85.6

* Restated for adjusting items in respect of legal fees incurred of $3.0m, see note 1.

Hunting reported EBITDA of $48.7m during H1 2023 (H1 2022 – $23.6m). When adjusted for non-cash share-based payment charges, the inflow for the period was $56.2m (H1 2022 – $28.2m inflow).

In H1 2023, the Group recorded a $85.9m working capital outflow (NGM K) compared to $22.1m in H1 2022. This reflects the significant increase in activity across the Group. Hunting is measuring balance sheet efficiency using working capital as a percentage of annualised revenue. On this measure, half year at 42% is slightly improved on the position at the end of 2022 of 44% (NGM E). Supporting measures of inventory days have improved, from 159 days at 31 December to 143 days at 30 June (NGM F), receivable days have remained broadly flat at 86 days compared to 84 days at 31 December (NGM G), and payable days have reduced slightly from 50 days to 44 days (NGM H). In addition, Hunting has reduced its payments on account to suppliers and increased its advances from customers.

During the period, the Group's leasing arrangements gave rise to cash payments of $5.6m (H1 2022 – $4.5m), with the majority of the increase attributable to a one-off payment made to exit a lease for a surplus property in Canada.

Net interest and bank fees paid in the period were $2.2m (H1 2022 – $3.2m), mainly due to interest paid on the borrowings under the ABL facility. H1 2022 included $3.0m relating to ABL fees paid, which were capitalised on the balance sheet.

Net tax paid in the period was $4.7m (H1 2022 – $2.3m).

Proceeds from the disposal of assets and businesses totalled $1.3m (H1 2022 – $7.5m). In H1 2022, net proceeds comprised a net $5.0m received following the sale of a property in Casper, Wyoming and a net receipt of $2.4m to exit the leased property at Benoi Road in Singapore.

Legal fees of $3.0m were paid in H1 2022 in relation to the Group's defence against a patent infringement claim, which it won in January 2023. The case has now concluded.

Group Funding and Cash Position at the Half Year continued
As a result of the above and other cash inflows of $2.4m (H1 2022 – $1.6m outflows), free cash outflows were $39.8m compared to $3.2m outflows in H1 2022.

Capital investment in the period totalled $13.2m in H1 2023 (H1 2022 – $7.4m). In the period, Hunting Titan spent $1.5m, with $0.9m in relation to capacity expansion in Milford; $8.1m was in North America, with $4.0m spent by Dearborn and $2.0m spent by Electronics on new machines and upgrades; $1.1m was in Subsea Technologies on two new machines; $1.7m was in EMEA, with $1.1m on new plant and machinery; $0.7m by Asia Pacific; and $0.1m centrally.

Intangible asset investment in the period was $6.5m (H1 2022 – $1.5m), with $4.4m incurred on software and global data centres, and $1.1m of intangible expenditure on internally generated technology by Hunting Titan.

In H1 2023, the Group made a further investment in Cumberland Additive of $1.6m, following the $1.6m in H2 2022. In H1 2022, Hunting invested $1.9m in the joint venture with Jindal SAW in India to support the development of the new threading facility. The Group also received a $0.6m distribution from an associate in the period (H1 2022 – $nil).

The 2022 final dividend of 4.5 cents per share was paid to equity shareholders on 12 May 2023, which absorbed $7.1m. In H1 2022, equity shareholders received the 2021 Final Dividend totalling 4.0 cents per share resulting in a payment of $6.4m.

In H1 2023, the Company purchased 2.9m (H1 2022 – 1.0m) Ordinary shares as treasury shares for a total consideration of $8.9m (H1 2022 – $4.2m) through Hunting's Employee Share Trust. These shares will be used to satisfy future awards under the Group's share award programme. The purchase of treasury shares was offset by proceeds on the disposal of treasury shares of $0.4m (H1 2022 – $0.2m).

Overall, in the period, the Group recorded a net cash outflow of $76.1m (H1 2022 – $24.4m), driven by the absorption of cash into working capital as market activity continued to strengthen. As a result of the above cash outflows and $0.1m adverse foreign exchange movements, total cash and bank borrowings (NGM I) reduced to a net borrowing position of $51.7m, compared to a net cash position of $24.5m at 31 December 2022.

Balance Sheet

Summary Group Balance Sheet

	30 June 2023 $m	31 December 2022 $m
Property, plant and equipment	**255.2**	256.7
Right-of-use assets	**23.4**	26.0
Goodwill	**154.4**	155.5
Other intangible assets	**39.9**	35.7
Investments in associates and joint ventures	**21.5**	20.1
Working capital (NGM E)	**445.9**	362.8
Taxation (current and deferred)	**3.2**	4.0
Provisions	**(9.8)**	(8.9)
Other net assets	**4.8**	4.3
Capital employed	**938.5**	856.2
Total cash and bank borrowings	**(51.7)**	24.5
Lease liabilities	**(26.7)**	(30.6)
Shareholder loan from non-controlling interest	**(3.9)**	(3.9)
Net debt (note 12)	**(82.3)**	(10.0)
Net assets	**856.2**	846.2

Property, plant and equipment was $255.2m at 30 June 2023 compared to $256.7m at 31 December 2022, a slight reduction of $1.5m. Depreciation of $14.6m was offset by additions of $12.5m, as discussed above, and other items of $0.6m, giving the closing balance noted.

Right-of-use assets totalled $23.4m at 30 June 2023 compared to $26.0m at 31 December 2022. Depreciation of right-of-use assets of $3.2m was offset by other items totalling $0.6m, leading to an overall net reduction of $2.6m being recorded.

Goodwill is materially unchanged at $154.4m at the balance sheet date compared to $155.5m at the 2022 year-end, with impairment and foreign exchange movements totalling $1.1m.

Other intangible assets have increased by $4.2m to $39.9m at 30 June 2023, with additions of $6.5m, primarily related to the capitalisation of technology and IT data centres, and favourable foreign exchange movements of $0.7m being offset by the amortisation charge of $3.0m.

Investments in associates and joint ventures have increased by $1.4m, reflecting a further investment in Cumberland Additive of $1.6m, the Group's share of associates' and joint ventures' net results for the period of $0.4m largely attributable to the investment in Rival Downhole Tools, offset by the receipt of a $0.6m distribution.

Working capital (NGM E) has increased by $83.1m to $445.9m, in line with the growth in activity in the business. Working capital as a percentage of annualised revenue (NGM E) has improved from 44% at 31 December 2022 to 42% at 30 June 2023. Further improvements in working capital efficiencies are expected in H2 2023.

Current and deferred taxation recorded a net asset of $3.2m compared to 31 December 2022, which was a net asset of $4.0m. Management continues to monitor the supporting evidence that will determine when the unrecognised deferred tax assets, mainly in the US, will be recognised (see note 6).

Summary Group Balance Sheet continued
Provisions were materially unchanged at $9.8m (31 December 2022 – $8.9m) in the period, with other net assets increasing slightly to $4.8m (31 December 2022 – $4.3m).

As a result of the above charges, capital employed increased by $82.3m to $938.5m at 30 June 2023. The return on average capital employed was, therefore, 4% in H1 2023 compared to (1)% in H1 2022 (NGM M).

Net debt (note 12) at 30 June 2023 was $82.3m (31 December 2022 – $10.0m net debt), with working capital outflows reflecting the strong trading environment and increased sales order book, as described above. Net debt includes $26.7m of lease liabilities, which have decreased by $3.9m since the year-end due to lease payments being made. Total cash and bank borrowings have decreased since the year-end by $76.2m, as shown above, to a net borrowing position of $51.7m at 30 June 2023 (31 December 2022 – $24.5m net cash position). Management anticipates that this position will unwind by the year-end as larger projects are completed in H2 2023.

Net assets have, therefore, increased by $10.0m to $856.2m at 30 June 2023, compared to $846.2m at the 2022 year-end. This has been driven by the profit in the period of $17.4m and foreign exchange and other items totalling $8.2m offset by dividends paid of $7.1m to equity shareholders of Hunting PLC and the net purchase of treasury shares of $8.5m.

Product Group Financial Data and Sales Order Book
The Hunting business is organised and managed by segment, but has a consistent product structure that runs across the organisation. In order to provide better insight and visibility, management has provided additional information for revenue and EBITDA by product group, which clarifies the relationship between Hunting's operating segments and key product groups. The sales order book comprises the value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations, as defined in IFRS 15 Revenue from Contracts with Customers.

As noted above, the Group's sales order book has increasingly become a more meaningful measure for shareholders to monitor the Company's trading outlook. Management, therefore, presents below the sales order book of the Group, as at 30 June 2023, by operating segment and product group to assist in the outlook for the medium term.

Segmental Review
Segmental Results from Operations

	H1 2023				H1 2022*			
	Revenue $m	**EBITDA** $m**	**Adjusted operating result*** $m**	**Sales order book $m**	Revenue $m	EBITDA** $m	Adjusted operating result*** $m	Sales order book $m
Hunting Titan	**134.5**	**12.1**	**7.5**	**36.3**	127.2	11.8	7.3	29.2
North America	**191.3**	**28.7**	**17.9**	**283.2**	123.4	8.7	–	241.1
Subsea Technologies	**42.5**	**3.2**	**(0.4)**	**101.3**	35.3	2.4	–	52.9
EMEA	**46.5**	**0.8**	**(1.1)**	**31.7**	37.1	(0.3)	(2.2)	19.1
Asia Pacific	**86.9**	**3.9**	**2.3**	**176.3**	31.9	1.0	(0.4)	33.4
Inter-segment elimination	**(23.9)**	**–**	**–**	**(99.1)**	(18.8)	–	–	(49.8)
	477.8	**48.7**	**26.2**	**529.7**	336.1	23.6	4.7	325.9

* Restated for adjusting items in respect of legal fees incurred of $3.0m, see note 1.
** EBITDA is a non-GAAP measure, see NGM C.
*** Reported results are based on the statutory results for operations as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management which are described in NGM A.

Results by Product Group

	H1 2023			H1 2022*		
	Revenue $m	**EBITDA** $m**	**Sales order book $m**	Revenue $m	EBITDA** $m	Sales order book $m
Perforating Systems	**126.8**	**13.7**	**21.6**	121.6	12.7	17.7
OCTG	**213.4**	**24.1**	**248.1**	109.6	5.4	112.0
Advanced Manufacturing	**53.1**	**4.5**	**146.0**	34.0	0.5	133.0
Subsea	**42.5**	**3.2**	**101.3**	35.3	2.4	52.9
Other Manufacturing***	**42.0**	**3.2**	**12.7**	35.6	2.6	10.3
	477.8	**48.7**	**529.7**	336.1	23.6	325.9

* Restated for adjusting items in respect of legal fees incurred of $3.0m, see note 1.
** EBITDA is a non-GAAP measure, see NGM C.
*** Other Manufacturing now includes the previously disclosed Well Intervention product group.

Hunting Titan
During the period, the Hunting Titan operating segment reported a 6% increase in revenue to $134.5m compared to $127.2m in H1 2022. These results have predominantly been driven by: (i) the continued adoption of the H-3 Perforating System™ across North America; (ii) strong demand for Hunting Titan's Pre-Loaded Gun ("PLG") offering; (iii) increased sales of detonation cord; and (iv) strong international sales growth.

EBITDA of $12.1m and an EBITDA margin of 9% in the reporting period was unchanged from H1 2022, with EBITDA reported in the comparative period of $11.8m and an EBITDA margin of 9% in H1 2022. With the introduction of the H-3 Perforating System™, EBITDA margins for Hunting Titan have remained stable, reflecting the lower manufacturing cost of the product line.

The adjusted operating profit was $7.5m, compared to an adjusted operating profit of $7.3m in H1 2022. Hunting Titan's reported operating profit was $7.5m in the period and $4.3m in H1 2022 after legal fees were incurred in defending a patent infringement claim.

Hunting Titan continued

At 30 June 2023, the sales order book for the segment was $36.3m compared to $29.2m at 30 June 2022. Hunting Titan operates a short-cycle business model and does not carry a significant order book.

The segment continued to implement operational cost savings in the period, which, as noted above, includes the closure of the manufacturing facility at Oklahoma City. Investment in production has been made at the Pampa, US, and Monterrey, Mexico, facilities during the past two years, which includes increased automation of perforating gun production and migration to lower cost manufacturing, enabling the closure of this facility. A distribution centre will, however, be retained in Oklahoma City to support customers in the area. In addition, the segment also reduced its external North America freight and transportation costs by purchasing a small truck fleet to service specific parts of the US. These initiatives combined provide for a lower cost base going into H2 2023.

Overall, in the period, the headcount of the segment is largely unchanged at 660 compared to 656 at 31 December 2022.

Hunting Titan primarily supplies Perforating Systems products that account for around 95% of its revenue, with the remaining products falling within Advanced Manufacturing. About 98% of Perforating Systems activity fell within Hunting Titan, with some international sales being recorded through EMEA and Asia Pacific, and there is an internal supply of electronic components being undertaken by the North America operating segment.

Perforating Systems (Group)

Perforating Systems revenue increased marginally from $121.6m in H1 2022 to $126.8m in H1 2023, with sale volumes of Perforating Systems in North America flat compared to H1 2022 given the shift from gas to oil drilling reported across the industry. During H1 2023, Hunting Titan saw strong international demand for its technology as unconventional resources, particularly in South America, Middle East and China adopt more efficient completion techniques. Hunting Titan's international strategy is focused on component sales, rather than system sales, as this provides flexibility to the client in respect of the preferred architecture of the completion string. In the period, international sales were $22.2m (H1 2022 – $16.5m).

Following the introduction of the H-3 Perforating System™, Hunting Titan will be launching the H-4 Perforating System™ ("H-4") in the second half of the year, which will provide new sales growth and margin expansion opportunities. The H-4 is a self-orientating system that will provide more accurate well completions.

The segment's Pre-loaded Guns ("PLG") offering has seen strong sales in H1 2023 as further acceptance of this product continues across North America. Hunting Titan will be introducing the offering into the Canadian market in H2 2023 utilising the current distribution centre in Grand Prairie.

Further, sales of detonation cord have been robust in the reporting period. A 30% capacity increase is planned for early Q3 2023 to meet the increased market demand.

Hunting continued its strategy of introducing new technology to clients in the reporting period, with the launch of the Perf+ shooting panel in the US, which will further increase reliability and operational efficiency whilst maintaining industry leading safety.

North America

The Group's North America operating segment reported a 55% increase in revenue to $191.3m compared to $123.4m in H1 2022, as broad-based demand across North America and internationally, particularly in South America, drove activity in many of its businesses.

EBITDA in the reporting period was $28.7m with an EBITDA margin of 15% compared to $8.7m and an EBITDA margin of 7% in H1 2022, an increase of $20.0m and eight percentage points. This significant improvement has been driven by higher facility utilisation, improved pricing and a broad-based increase in internationally focused business.

The adjusted and reported operating profit for H1 2023 was $17.9m compared to a break-even result in H1 2022.

At 30 June 2023, the sales order book for the segment was $283.2m compared to $241.1m at 30 June 2022.

In line with the overall increase in demand, the headcount in North America increased by 6% to 869 at 30 June 2023, compared to 818 at 31 December 2022.

The North America segment performs activities across all but the Subsea product group. About 50% of its products are OCTG, and 25% Advanced Manufacturing, less than 10% are the electronic components for Perforating Systems, and the balance is Other Manufacturing, which includes Trenchless and Well Intervention activities.

OCTG (North America)

Hunting's Premium Connections business reported a further increase in demand for its products in the period, with the TEC-LOCK Wedge™ product line seeing good demand across North America, with revenue for the period increasing by $34.5m from $66.7m in H1 2022 to $101.2m for H1 2023. The business reported renewed interest in offshore projects, with orders being placed for Hunting's deep water-orientated connection. In Canada, the Group's OCTG and connection sales continue to grow following the implementation of a new business model in 2020. Hunting has continued to introduce new connections technology in the period including the TEC-LOCK Flush Joint™ design, which is targeted at onshore drilling projects. The TEC-LOCK™ family of connections now has five designs targeted at a wide range of onshore applications.

Hunting's Accessories manufacturing business reported an exceptionally strong performance during the reporting period as turnkey manufacturing, premium threading and well completion accessories manufacturing orders have increased materially, with clients across North and South America and internationally stepping up drilling programmes. The business has seen a notable increase in sales for offshore activity with orders received from the Gulf of Mexico and from Guyana in support of the major drilling and developments in those regions.

North America continued

Advanced Manufacturing (Group)

Within the Advanced Manufacturing group, both the Dearborn and Electronics businesses are seeing supply chain constraints easing, which supports stronger throughputs of orders. Revenue in H1 2023 was $53.1m compared to $34.0m in H1 2022. These businesses have continued to diversify their revenue streams with new orders being pursued in the medical, defence and commercial space arenas.

The Advanced Manufacturing order book was $146.0m at 30 June 2023 compared to $133.0m at 30 June 2022. The Electronics business has reported a strong increase in oil and gas orders as industry activity has strengthened in the period, with strong sales order back logs being reported from the major energy service companies. Defence-related orders were also secured in the period, with some orders completed for electric vehicle charging product lines. This demonstrates the flexibility of the business to pursue both energy-related and non-oil and gas work.

The Dearborn business reported an improvement to its trading results as new equipment was commissioned in Q4 2022. The business continues to report a strong non-oil and gas sales order book, as power generation, aviation and commercial space clients continue to increase activity.

Other Manufacturing (North America)

The Hunting Trenchless business continued to report good performance, as 5G networking and broadband infrastructure investment in the US continued to grow and, with infrastructure drilling backlogs across the industry at an all-time high, the outlook for this business remains positive.

Subsea Technologies

Subsea (Group)

Hunting's Subsea Technologies operating segment was formed on 1 January 2023 (see note 2), and the Subsea Technologies segment and the Subsea product group are identical. The segment reported a 20% increase in revenue to $42.5m compared to $35.3m in H1 2022.

EBITDA in the reporting period was $3.2m compared to $2.4m in H1 2022, with EBITDA margins improving from 7% in H1 2022 to 8%, reflecting the benefit of drop through margins as the segment begins to scale up its revenue.

The adjusted and reported operating loss for the period was $0.4m compared to an adjusted and reported breakeven result in H1 2022. This reflects the impact of a $1.4m impairment in Enpro goodwill due to increases in discount rates. The underlying profitability of the segment has improved, and this trend is expected to continue.

During the reporting period, the segment's Spring business continued to complete orders for steel and titanium stress joints for clients in the Gulf of Mexico and South America. The application of its stress joint technology to Floating Production, Storage and Offloading ("FPSO") vessels continued to see increased customer acceptance and will likely be a major source of revenue growth in the medium term as clients focus on short-term cash generation and returns to shareholders from offshore projects.

The segment's Stafford business continued to report good results as demand for its hydraulic valves and couplings increased in line with the continued growth of offshore markets.

Enpro Subsea reported a slower first half of the year given some delays to projects, however, the outlook remains positive as clients shift to more standardised deep water project development with a strong focus on modular field build-out to increase short-term cash flows. The business is also consolidating its operations into Hunting's existing facilities in Aberdeen to increase cost efficiencies.

Due to the above increase in activity, the sales order book at 30 June 2023 has nearly doubled from 30 June 2022 of $52.9m to $101.3m.

The headcount within the Subsea Technologies operating segment has increased to 180 compared to 155 at 31 December 2022.

Europe, Middle East and Africa ("EMEA")

Hunting's EMEA operating segment reported a 25% increase in revenue to $46.5m compared to $37.1m in H1 2022.

EBITDA in the reporting period was $0.8m compared to an EBITDA loss of $0.3m in H1 2022, an increase of $1.1m, and the adjusted and reported operating loss narrowed to $1.1m compared to a $2.2m loss in H1 2022, due to an increase in activity within our OCTG businesses in relation to the Tubacex order for Brazil, which led to the Group's Netherlands facility being at full capacity during the period as this order was progressed. In H1 2023, the Group's Aberdeen facilities also provided support to this contract.

The Group's Netherlands OCTG facility also completed a number of orders for geothermal applications as projects accelerate across Europe. Activity levels across the Middle East continued to increase during the period, resulting in higher sales of pressure control equipment and increased revenue from Hunting Titan perforating products. As announced separately today, the Group has begun a process of consolidating its facilities across Europe, with the segment's main well testing assembly operations to be transferred to Dubai by 2024. The Group plans to relocate its operating site in the UAE to a larger facility in the region to accommodate this new capability, which also supports the Group's ambition of increasing its presence in the Middle East in the long term.

At 30 June 2023, the sales order book for the segment was $31.7m compared to $19.1m at 30 June 2022, reflecting an increase in orders for OCTG product in the Netherlands.

The headcount within the EMEA operating segment increased to 259 compared to 247 at 31 December 2022.

The EMEA segment splits broadly 50% OCTG and 50% Other Manufacturing, which includes Well Intervention, Well Testing and Organic Oil Recovery.

Europe, Middle East and Africa ("EMEA") continued

Other Manufacturing (EMEA)

The Organic Oil Recovery technology continued to make strong progress throughout the reporting period, with new trials and field pilots being agreed or commenced by an increasing number of major international energy companies. The technology has now been proven to support sustained increases to production in end-of-life fields, which provides higher cash flows to customers on brown field developments. At present, the technology is being assessed for application in Angola, Azerbaijan, Malaysia, Nigeria, Saudi Arabia and the UK.

The Group's UK well intervention business has seen a steady increase in activity during the period as market activity improved across the region. The business saw a notable improvement to rental equipment sales as clients increase budgets.

Asia Pacific

The increase in international drilling activity and the growth in energy markets across the Asia Pacific region have been the core drivers of growth for the segment in H1 2023, with revenue increasing by 172% to $86.9m from $31.9m in H1 2022. EBITDA in the reporting period was $3.9m with an EBITDA margin of 4% compared to $1.0m in H1 2022 and an EBITDA margin of 3%.

The adjusted and reported operating profit was $2.3m compared to a $0.4m loss in H1 2022, an increase of $2.7m.

The commissioning of the Group's new threading facility in Nashik Province, India with Hunting's joint venture partner Jindal SAW was completed in July 2023, with the opening to be held on 19 September 2023. With this facility, the Group now has a leading position in the manufacture and provision of Premium Connections and OCTG in China, India, Indonesia and Singapore, with unique raw material supply channels in place to service the Middle East and Asia Pacific.

At 30 June 2023, the sales order book for the segment was $176.3m compared to $33.4m at 30 June 2022 largely due to the CNOOC and Vedanta Limited orders, discussed below.

During the period, the headcount within the Asia Pacific operating segment has increased to 314 at 30 June 2023 compared to 309 at 31 December 2022.

The Asia Pacific segment primarily trades in OCTG products, with small levels of activity in support of Perforating Systems and Other Manufacturing.

OCTG (excluding North America)

The Group's OCTG product group, excluding North America, reported an increase in revenue from $42.9m in H1 2022 to $112.2m in H1 2023, an increase of 162%.

During H1 2023, the Group's China and Singapore facilities have continued work on the large OCTG order from CNOOC, which was secured in August 2022. The order will be completed in H2 2023. Hunting also won a $91m order from Cairn Oil and Gas, Vedanta Limited in May 2023. This three-year contract will see the Group providing OCTG with Hunting's SEAL-LOCK XD™ premium connection applied, for a programme of up to 100 wells in Rajasthan, India.

The Asia Pacific region is rapidly becoming a leader in the development of carbon capture and geothermal projects, with countries including Indonesia and Thailand looking to rapidly build out capacity. As noted in the Strategic Initiatives section, the Strategic Alliance with Jiuli provides Hunting with a partner who will provide corrosion resistant alloys including high nickel and chrome OCTG, which is required by these challenging operating conditions.

Board Changes

On 3 January 2023, the Board announced the appointment of Stuart Brightman as an independent, non-executive Director of the Company. At the Company's 2023 Annual General Meeting ("AGM"), Mr Brightman automatically retired and offered himself for re-appointment by shareholders. All other Directors were submitted for re-election by shareholders at the AGM, with each Director receiving the required votes in favour. Mr Brightman has been appointed to all of the Committees of the Board.

Principal Risks and Uncertainties Facing the Business

The Group has an established risk management reporting framework, as detailed in the Group's 2022 Annual Report and Accounts on pages 102 to 109, which includes the requirement for all businesses to identify, evaluate and monitor risks and take steps to reduce, eliminate or manage the risk.

There are a number of principal risks that could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. Some of the risks that Hunting is exposed to, which could have a material adverse impact on the Group, arise from the specific activities undertaken by the Group, whereas other risks are common to many international manufacturing companies.

The principal risks are: competition; US shale drilling; climate change; commodity prices; geopolitics; health, safety and environmental laws; loss of key executives; and product quality. Details of those principal risks facing the Group are on pages 105 to 109 of the Group's 2022 Annual Report and Accounts.

The Group has not identified any emerging risks in H1 2023 or throughout 2022.

Capital Markets Day

The Company will be holding a Capital Markets Day on Wednesday 13 September 2023. At the event, management will present the Hunting 2030 Strategy, which was launched in March 2023.

The Hunting 2030 Strategy includes management's strategic ambitions to grow the Company's presence in both traditional energy and energy transition markets, in addition to diversifying the Group's long-term revenue to non-oil and gas markets, including power aviation, commercial space, medical and power generation sectors.

Management will announce financial milestones and targets for the end of the decade, which will include its focus on strong cash generation following the COVID-19 downturn, in addition to providing details of capital allocation policies, to support stronger shareholder distributions and returns. Presentations will be delivered by the Company's executive management, including the Group's leadership team.

The Capital Markets Day will be held at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS.

Investor Meet Company

On 24 August 2023, commencing at 3.30pm (UK) / 9.30am (CST), the Company will be hosting a briefing via the 'Investor Meet Company' platform.

The presentation is open to all existing and potential shareholders. Questions can be submitted prior to this presentation via the Investor Meet Company dashboard up until 9.00am the day before the meeting or at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Hunting PLC at:

https://www.investormeetcompany.com/hunting-plc/register-investor.

Investors who already follow Hunting PLC on the Investor Meet Company platform will automatically be invited.

Forward-looking Statements

Certain statements in this Half Year Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Jay Glick	**Jim Johnson**
Chairman	Chief Executive

24 August 2023

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with United Kingdom adopted IAS 34 Interim Financial Reporting and that the Half Year Management Report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on these condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the 2022 Annual Report and Accounts.

The Directors believe that the Half Year Report taken as a whole is fair, balanced and understandable. In arriving at this conclusion the Board considered the opinion and recommendation of the Audit Committee who undertook the following work:

- review of early drafts of the Half Year Report;
- regular review of and discussion over the financial results during the period, including briefings by Group finance; and
- receipt and review of a report from the external auditors.

On behalf of the Board

Bruce Ferguson
Finance Director

24 August 2023

Independent Review Report to Hunting PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023, which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and related notes 1 to 18.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. As disclosed in note 1, the annual financial statements of the Group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting" and with the Disclosure and Transparency Rules of the Financial Conduct Authority.

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the entity to cease to continue as a going concern.

Directors' Responsibilities

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. In preparing the half-yearly financial report, the Directors are responsible for assessing the Group'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our Report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom

24 August 2023