HMH Holding B.V.

Base Prospectus

Joint Lead Managers:

DNB Markets

Nordea

Pareto Securities

SEB

Amsterdam, October 26 2022

Important information

The Base Prospectus is based on sources such as annual reports and publicly available information and forward-looking information based on current expectations, estimates and projections about global economic conditions, as well as the economic conditions of the regions and industries that are major markets for HMH Holding B.V.'s (the Company) and Guarantors' (including subsidiaries and affiliates) lines of business.

A prospective investor should consider carefully the factors set forth in Chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in the bonds.

IMPORTANT – EEA AND UK RETAIL INVESTORS - If the Final Terms in respect of any bonds includes a legend titled "Prohibition of Sales to EEA Retail Investors" and/or "Prohibition of Sales to UK Retail Investors", the bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('EEA') and/or in the United Kingdom (the "UK"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the PRIIPs Regulation) (and for UK, as it forms part of domestic law by virtue of the EUWA (the UK PRIIPs Regulation)) for offering or selling the bonds or otherwise making them available to retail investors in the EEA and/or the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA and/or the UK may be unlawful under the PRIIPs Regulation and/ or the UK PRIIPS Regulation.

MiFID II product governance and/or **UK MiFIR product governance** – The Final Terms in respect of any bonds will include a legend titled "MiFID II product governance" and/or "UK MiFIR product governance" which will outline the target market assessment in respect of the bonds and which channels for distribution of the bonds are appropriate. Any person subsequently offering, selling or recommending the bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

This Base Prospectus is subject to the general business terms of the Joint Lead Managers, available at their websites (www.dnb.no, www.nordea.no , www.paretosec.com and www.seb.no).

The Joint Lead Managers and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Base Prospectus and may perform or seek to perform financial advisory or banking services related to such instruments. The Joint Lead Managers' corporate finance department may act as manager or co-manager for this Company and/or Guarantors in private and/or public placement and/or resale not publicly available or commonly known.

Copies of this Base Prospectus are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

The distribution of the Base Prospectus may be limited by law also in other jurisdictions, for example in non-EEA countries. Approval of the Base Prospectus by Finanstilsynet (the Norwegian FSA) implies that the Base Prospectus may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Base Prospectus in any jurisdiction where such action is required.

The Base Prospectus dated October 26 2022 together with a Final Terms and any supplements to these documents constitute the Prospectus.

The content of this Base Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, this Base Prospectus is subject to Norwegian law. In the event of any dispute regarding the Base Prospectus, Norwegian law will apply.

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Description of the Base Prospectus

Under this Base Prospectus (as supplemented and amended from time to time), the Issuer may from time to time issue and list bonds ("Bonds") denominated in any currency agreed between the Issuer and the relevant dealer.

The Bonds will be issued on a senior basis as secured or unsecured, with fixed or floating interest rate. The Bonds may have put- and call options and they may be green or sustainability-linked.

The Bonds will be electronically registered in the Norwegian Central Securities Depository or any other CSD that allows for bonds issued in uncertificated and dematerialised book-entry form.

There is no limit with regard to the maximum aggregate nominal amount of all bonds from time to time outstanding under the prospectus. However, each issue of bonds will have either a given borrowing amount in the case where there is only one tranche, or a given borrowing limit in the case of more than one tranche.

The Bonds may be issued on a continuing basis to any dealer that the Issuer decides upon.

The Base Prospectus has been approved by the Financial Supervisory Authority of Norway as competent authority under Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation") as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the bonds issued under the prospectus. The Base Prospectus is valid within twelve months from the date of the Base Prospectus.

Information on website(s) mentioned in the Base Prospectus/the Final Terms does not form part of the Base Prospectus/the Final Terms unless that information is incorporated by reference into the Base Prospectus/the Final Terms.

1 Risk factors

Investing in bonds issued by HMH Holding B.V. and guaranteed by the Guarantors involves inherent risks.

As the Company is the parent company of the Group, and a holding company, the risk factors for the Group are deemed to be equivalent for the purpose of this Base Prospectus.

For the purpose of this document, the risk factors for the Company and the Guarantors are deemed to be equivalent.

The risks and uncertainties described in the Prospectus are risks of which the Company is aware and that the Company considers to be material to its business. If any of these risks were to occur, the Company's and/or the Guarantor's business, financial position, operating results or cash flows could be materially adversely affected, and the Company and/or Guarantors could be unable to pay interest, principal or other amounts on or in connection with the bonds. Prospective investors should carefully consider, among other things, the risk factors set out in this Base Prospectus, before making an investment decision.

An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

1.1 Risks related to the Issuer and the Group

The Group is newly established in accordance with a transaction agreement entered into between its shareholders and has limited operating and financial history

The Group was established 1 October 2021, following completion of a merger between Baker Hughes' Subsea Drilling Systems business and Akastor ASA's MHWirth business, in accordance with a certain transaction agreement entered into between the Issuer's shareholders which identifies the transaction perimeter of economic interests that constitute the Group (in other words included and excluded assets/rights and liabilities/obligations of the Group).

Accordingly, the Group has limited operating history as a combined group of enitites and the historical financial statements of each of the contributed entities have limited value in assessing the Group's potential future results. At the time of this Base Prospectus the Issuer had published its audited special purpose consolidated financial statements for 2021 according to International Financial Reporting Standards as adopted by the European Union (IFRS), along with the unaudited Q2 report for 2022.

Risks that may materialise in relation to a newly established group with limited operating history, include, but are not limited to, implementation of systems, routines and/or other integration measures taking a longer time and/or being costlier than anticipated. Since the Group has limited operating, reporting or disclosure history as a standalone business it may be difficult to assess its historical performance and outlook for future results of operations, financial condition and cash flows. Financial information included in the Base Prospectus and upon which prospective investors can evaluate the Group's historical financial performance is available only from the Group's audited 2021 financial statements, and the 2022 Q1 and Q2 reports.

The Issuer may in the future take on additional debt

The net proceeds from the bonds when issued in February 2022 was used to finance repayment of the Issuers USD 150 million Bridge Loan Facility. In addition to the formentioned bonds the Issuer entered into a three-year Term loan Facility of USD 70 million in September 2021, with quarterly principal repayments, and an USD 80 million bullet Multicurrency Revolving Credit Facility, also maturing in September 2024.The Issuer may also incur further Financial Indebtedness. The Issuer is dependent on the Group generating profit in order to be able to meet its debt obligations as and when they fall due. There are many risk factors affecting the profit potential and actual results of the Group, including economic and competitive conditions in the markets the Group operates as well as general financial and business risk factors. These can be related to factors including but not limited to (i) general slowdowns in the economy in general or in the oil service sector, (ii) a decrease in customer investments, (iii) a deterioration of customer confidence, (iv) political decisions, changes to laws and regulations relating to licensing of oil and gas exploration and production and similar risk factors, as well as (v) the general interest rate level set by central banks and other financial or business risk factors, most of which will be outside the control of the Issuer and the other companies of the Group. If the Group does not generate profit it may not be able to service its debt in the future. At the time of this prospectus the Issuer had in addtion to the above-mentioned financing received shareholder loans of USD 106 million in total from Akastor and Baker Hughes.

It is expected that the Group will be required to refinance its outstanding debt in order to satisfy such debt at the respective maturity dates. The Group's ability to successfully refinance such debt is dependent on the financial condition of the Group and conditions of the financial markets in general at such time. As a result, the Group's access to financing sources at a particular time may not be available on favourable terms, or at all. The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition as well as its result of operations.

Further, the Group may be dependent on obtaining additional debt or equity financing in the future. There is no assurance that the Group will be able to obtain or raise sufficient funds to meet its on-going or future capital and operating expenses or that such required funding will be available on acceptable terms. If the Group is unable to obtain future debt and/or equity financing on acceptable terms this could materially adversely affect the Group's business, financial condition, results of operation and liquidity.

Financial leverage and breach of covenants

The financial leverage of the Group may have several adverse consequences, including the need to refinance, restructure or dispose of certain parts of the Group's business in order to fulfil the Issuer's and the Group's financial obligations. There is also a risk that the Issuer may breach any covenants or undertakings in any of its debt arrangements which may trigger early repayment, increased interest, cross-default or other consequences that may have an adverse effects on the Issuer's financial position. The Group is dependent on a limited number for customers and significant projects. Loss of key customers, or multiple significant projects, could weaken the earnings of the Group to such an extent that it could lead to a breach of financial covenants.

1.2 Risks relating to the industry and operations of the Group

Risk relating to demand for oil and gas and volatile oil and gas prices

The Group's operations may be negatively affected by a number of factors, many of which are outside the Group's control. The Group is a global provider of drilling solutions, engineering, projects, equipment and services and is therefore particularly sensitive to factors such as the demand for oil and gas, the level of exploration, development, production, investment, modification and maintenance activity as well as the corresponding expenditure by oil and gas companies.

Prices for oil and gas have historically been, and are expected to continue to be, subject to fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of other political and economic factors. Prolonged reductions in oil and gas prices typically result in decreased levels of exploration, development, production, investment, modification and maintenance activity by oil and gas companies. Any decreased levels of exploration, development and production activity or reductions or postponement of major expenditures by oil and gas companies could lead to downward pricing pressure on oil and gas service companies, such as the Group, and, therefore, could adversely affect the Group's profitability.

The offshore drilling market was strongly affected by the decrease in oil price and global turmoil during 2020 and continues to be suffering from overcapacity of offshore drilling rigs. During 2020 and 2021, the oilfield services industry was also heavily impacted by the outbreak of the COVID-19 virus. This outbreak caused a significant disruption to the global economy through reduced industrial activity and the oil and gas market has been strongly affected by negative demand following lower global activity as well as turmoil on the supply side causing a direct effect on the investment level of oil companies and following consequences for the oilfield services industry. For the Group, these events have especially affected HMH ESS through a lower demand for single equipment as well as a muted rig newbuilding market.
Post-pandemic economic recovery has recently fueled demand increases for oil and gas. This situation, coupled with supply disruptions associated to the Ukraine crisis, have driven significant rises in energy prices. This situation has led to an overall increase in drilling activity levels both offshore and onshore and in consequence, the Group has experienced an increase in demand for its drilling equipment and services globally in 2022.

Any future outbreak of COVID-19 or other contagious diseases is beyond the Group's control and there is no assurance that any future outbreak of COVID-19 or other contagious diseases occurring in areas in which the Group, its suppliers, partners or customers operate, or even in areas in which the Group does not operate, will not have a material adverse effect on the Group's business, results of operations or financial condition.

As a manufacturer of slurry pumps, and pile top drilling rigs, the Group also has exposure to non-oil segments such as mining, and construction. Recent trends towards the development and expanded use of sustainable energy sources, has resulted in an increased demand for metals required in battery production and electronics. With this trend, the group has seen a clear improvement in customer requests and order intake in its non-oil segment.

Changes in environmental and regulatory requirements

Changes in environmental and regulatory requirements may adversely affect the level of exploration by oil and gas companies and, therefore, demand for the Group's services and products. For example, oil and gas exploration and production are expected to decline as a result of environmental requirements (including policies responsive to environmental concerns or accidents caused by companies other than the Group). Various governments and agencies have been evaluating climate-related legislation and other regulatory initiatives that would restrict emissions of greenhouse gases. Because the business of the Group depends on the level of activity in the oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, this could have a material adverse effect on the business, results of operations and financial condition of the Group if such laws, regulations, treaties or international agreements negatively affect global demand for oil and gas.

The Group operates in a highly competitive industry

The oil service industry is highly competitive and subject to swings in pricing power. A failure of the Group to compete effectively and be awarded contracts through the successful management of its product and services strategy, development of improved and new technological solutions, maintenance of customer relationships and other factors could adversely affect the Group's competitiveness and profitability and, therefore, could have a material adverse effect on the business, results of operations and financial condition of the Group.

Operational risks are, among other things, related to the extent to which the companies are able to adjust their activity to changing market conditions as well as their ability to be awarded contracts and execute on complex projects and operations within acceptable time and cost boundaries. The Company's market positions and revenues can be affected if the Group is unable to compete efficiently.

In the Groups main market segment, which is to support existing drilling rigs, we see a highly competitive situation. Due to the overcapacity of available drilling rigs in the industry our primary customers, the rig owners, have limited pricing power. This in turn leads to a situation where the rig owners are very conscious about their operational costs. For the Group this results in reduced maintenance and upgrade contracts to bid on, and therefore the Group must be very price competitive to secure work.

The Group's business is dependent on the technical competence of its employees and proprietary technological solutions developed by the Group. The demand for improved technology is constantly increasing and if the Group is unable to deliver commercially competitive services, or, fails to attract employees with the requisite level of technological competence, this could have a material adverse effect on the Company's business, prospects, financial position and operating results.

The Groups primary customer base, the drilling rig owners, gain their limited pricing power from efficiency, safety and environmental footprint KPI's (Key Performance Indicator). The most important element to improve and maintain their efficiency, safety and environmental footprint KPI's is technology. As a Group we are dependent on having the technology, solutions and people to support our customers in reaching their KPI's. The ability to do so strongly affects the Groups pricing power, and ability to secure contracts.

The Group is dependent on a limited number of customers and significant projects

The Group depends on a limited number of significant customers. The successful execution of significant projects in which it is engaged from time to time, and the loss of business from one or more significant customers, or the failure to perform under any contract with such significant customers or in respect of a significant project, could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group is subject to the risk of delayed payments from customers

Delayed payment of significant amounts payable from customers could have a material adverse effect on the liquidity of the Group. Especially in weak economic environments, the Group may experience increased payment delays and failures by customers due to, among other reasons, customers' reduced cash flow from operations or access to the credit markets. If one or more customers fails to pay significant amounts of outstanding receivables in a timely manner or at all, for any reason, this could have a material adverse effect on the Group's liquidity position as the cash or cash equivalents available to the Group may be reduced and the Group may be required to increasingly rely on its credit facilities for liquidity. This could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group is dependent on services from third parties and supply of materials to complete contracts

The Group is dependent on third-party equipment, materials and components, and timely delivery of important materials and components is essential to the business of the Group. Constraints in the supply chain may result in products or services of the Group being disrupted or delayed, which could have a material adverse effect on the business, results or operations and financial condition of the Group.

Further, if a sub-contractor, supplier, or manufacturer fails to provide services, supplies or equipment for any reason, the Group may be required to source out these services to other third parties on a delayed basis or at a higher price than anticipated, which could adversely affect contract profitability.

During periods of wide-spread economic slowdown, third parties may find it difficult to obtain sufficient financing to fund their operations. The inability to obtain financing could adversely affect a third party's ability to provide materials, equipment or services, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group has operations in less developed or newly industrialised countries, which subjects it to political, financial and regulatory risk

The Group's operations in such less developed or newly industrialised countries (e.g. operations in China, Brazil and Azerbaijan) expose the Group to additional risks created, inter alia, by political unrest. The Group has, and the Group will continue to have, a strategy to continue and expand operations in many less developed or newly industrialised countries in which the political, socioeconomic and legal systems are less predictable than in countries with more developed institutional structures. Socio-political or economic upheaval, changes in laws and other factors related to a higher degree of uncertainty could have a material adverse effect on the business, results of operations and financial condition of the Group and impair the value of the Group's investments in such countries.

The Group's operations in such countries expose the Group to the risk of being unable to repatriate income or capital which may lead to reduced operating profits and/or liquidity constrains and could have a material adverse effect on the business, results of operations and financial condition of the Group.

Further, certain countries in which the Group operates, or intends to operate, impose local requirements, such as but not limited to, unpredictable tax regimes, customs regulations, environmental demands, requirements related to local physical presence and resources, which could, inter alia, make it difficult for the Group to compete in such countries and increase the risk that
the Group's business standards and policies as well as the Group's quality standards are not complied with, and which in turn could have a material adverse effect on the business, results of operations and financial condition of the Group.

Operations in less developed or newly industrialised countries may lead to an increased risk of violations of applicable anti-corruption and anti-bribery laws and regulations, and which could have a material adverse effect on the business, results of operations and financial condition of the Group, as well as reputational damage.

The Group is subject to extensive health and safety risk, including compliance with a broad range of health and safety laws and regulations

Construction and maintenance sites are inherently dangerous workplaces, and failure by the Group to maintain safe work sites could have a material adverse effect on its business, reputation, results of operations and financial condition.

The Group is subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which it operates, and such laws and regulations impose increasingly stringent health and safety protection standards. The costs of complying with, and the liabilities imposed pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and criminal penalties, suspension of permits, temporary or permanent closure of production facilities, or claims or lawsuits by injured employees, sub-contractors or third parties.

Failure to maintain adequate safety standards could have a material adverse effect on the reputation, business, results of operations and financial condition of the Group.

The Group is subject to potential extensive liability related to its oil and gas operations

The Group provides products and services in connection with operations that are subject to potential hazards inherent in the oil and gas industry, where an accident can potentially have catastrophic consequences (for example in connection with deepwater operations). If the Group is involved in accidents or failures, the Group could face claims or fines which could expose it to substantial liability for inter alia personal injury, wrongful death, property damage, loss of oil and gas production, pollution and other environmental damages. As such, the Group is exposed to potential liabilities that could have a material adverse effect on the reputation, business, results of operations and financial condition of the Group. The Group maintains a level of insurance which it views as adequate for potential liability related to its operations; however, no assurances can be given that a claim may not exceed the Group's coverage.

Claims and litigation could have a material adverse effect on the business, results of operations and financial condition of the Group

Given the nature of the products and services that the Group provides, and the business the Group operates in, where an accident can potentially have catastrophic consequences (for example in connection with deepwater operations), the Group is exposed to the risk of claims, legal proceedings and disputes from authorities, customers and other third parties, including claims in relation to personal injury, environmental issues, intellectual property rights, tax matters, labour or employment matters, privacy and personal data, data security issues, competition, anti-trust issues, anti-money laundering and sanctions. Any claims against the Group could harm the Group's reputation and could result in professional liability, product liability, criminal liability, warranty obligations and other liabilities that, to the extent the Group is not adequately insured, or cannot insure, against a loss or the insurer fails to provide coverage, could have a material adverse effect on the business, results of operations and financial condition of the Group.

The Group has operations worldwide and is subject to risks relating to tax, including changes in tax laws and regulations

The operations of the Group are carried out in several countries across the world, and, therefore, the Group's tax filings are subject to the jurisdiction of a significant number of tax authorities and tax regimes as well as to cross-border tax treaties between governments. Further, the nature of the operations of the Group means that the Group routinely has to deal with complex tax issues (such as transfer pricing, permanent establishment or similar issues) as well as competing and developing tax systems where tax treaties may not exist or where the legislative framework is unclear and/or subject to change without pre-warning or transitional regulations. Moreover, where project work is partly undertaken in the jurisdiction in which the project deliverables are delivered to the customer and partly in other jurisdictions (which is the case for many of the projects of the Group), there may be uncertainties, and risks, as to whether and to what extent income from that project is taxable in the jurisdiction in which the project deliverables are delivered to the customer, which could subject the Group to the risk of double taxation, unexpected tax liabilities and/or penalties. In addition, the global operations of the Group are taxed on bases that vary from country to country, including net profit, deemed net profit (generally based on turnover) and revenue based withholding taxes based on turnover.

Changes in direct or indirect tax laws, tax practices or compliance requirements, the practical interpretation and administration thereof, including in respect to market practices, or otherwise, in any jurisdiction in which the Group operates could have a material adverse effect on the business, results of operations and financial condition of the Group.

Exchange rate and interest rate fluctuations may affect the Group's financial condition or results of operations

The Group operates globally and is exposed to currency risk on commercial transactions, assets and liabilities and investments in foreign operations. Commercial transactions, assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the relevant member of the Group. Fluctuations in exchange rates, particularly between EUR, NOK, GBP and USD, may have a material adverse effect on the Group. The Group's foreign exchange risk mainly arises from Norway and Germany and revenue denominated in EUR and NOK. The largest investments are also mainly made in EUR, NOK and USD. The Group's policy is to hedge its entire currency risk exposure in any project using forward contracts. Pursuant to the policy, variation orders must be hedged as soon as received and recognised in the project. However, there can be no assurance that any hedging policy or strategies adopted by the Group are or will be effective or that they will be followed in all respects. In addition, while hedging may reduce currency risk, it is not possible to fully or perfectly hedge against currency fluctuation. Substantial foreign exchange losses may have a material adverse effect on the Group's financial condition.

The Group faces risks associated with its interest-bearing debt. External borrowings, which at the date of this Base Prospectus amounted to USD 204 million (excluding fixed rate shareholder loans of USD 106 million) accrue interest at floating rates with interest periods ranging from one to six months (unless otherwise agreed with the lenders). The Group's policy is currently not to hedge floating interest rate, however the interest rate exposure will be monitored and the intention is to adjust thepolicy if required. There can be no assurance that the Group will be able to hedge its exposure to fluctuations in interest rates or that any future hedging policy will mitigate the adverse effects of interest rate fluctuations onthe Group's results of operations and financial condition, and such exposure may have a material adverse effect on the Group's financial condition.

Insurance coverage

Given the nature of the products and services that the Group provides, and the business the Group operates in, where an accident can potentially have catastrophic consequences (for example in connection with deepwater operations) the Group is exposed to a number of risks, including but not limited to, industrial accidents, the controlled use of potentially harmful and hazardous materials during production, provision of services and installation of products. The Group maintains insurance policies to protect its core businesses against loss of property, business interruption, injury to personnel and/or liability to third parties for such losses as per industry standards. Risks insured generally include loss or damage to physical assets (buildings, plant, equipment and work in progress) and business interruption resulting therefrom, bodily injury to and death of employees, and third-party liabilities. Certain types of losses are generally not insured by the Group because they are either uninsurable or not economically insurable, such as losses caused as a result of inability to deliver on time or at the right quality, or losses occasioned by wilful misconduct, criminal acts, fines and penalties, and various perils associated with war and terrorism. The insurance policies of the Group may not be sufficient to adequately insure the Group under all circumstances or against all hazards to which it could be subject. An uninsured loss, a loss that exceeds the limits of the insurance policies of the Group or a succession of such losses could have a material adverse effect on the business, results of operations and financial condition of the Group.

1.3 Risks related to the bonds

Limited enforcement possibility as a result of the security structure

The Bonds are secured by the Transaction Security, which is subject to the Intercreditor Agreement, pursuant to which enforcement of Transaction Security on certain terms will be controlled by the bankcreditors during a period of up to twelve months from an initial enforcement notice has been delivered. Bondholders will consequently, subject to compliance with the terms of the Intercreditor Agreement by the bankcreditors, not be able to make any instructions relating to enforcement of Transaction Security during such period. Please see Bond Terms for definitions.

Limitations on the value of the Transaction Security

The value of the Transaction Security securing the Bonds may not be sufficient to satisfy the Issuer's obligations under the Bonds, and enforcement proceeds relating to Transaction Security will be shared with the Bank Debt on a parri passu and pro rata basis in accordance with the Intercreditor Agreement. There can be no assurance that the Security Agent will be able to sell the Transaction Security without delay (or even at all), or that enforcement proceeds will be sufficient to satisfy all of the Secured Obligations in a distressed scenario. Please see Bond Terms for definitions.

Issuer call option

The Issuer may redeem the Bonds (in whole and not in parts) prior to the Maturity Date and any such early redemption will result in the sum of interest payments on the redeemed Bonds being less than if such Bonds had not been redeemed, but instead repaid on the Maturity Date.

Mandatory prepayment event may lead to a prepayment of the Bonds in circumstances where an investor may not be able to reinvest the prepayment proceeds at an equivalent rate of interest

In accordance with the Bond Terms, the Bonds are subject to mandatory prepayment by the Issuer on the occurrence of a Change of Control Event or Share De-Listing Event. Following any early redemption after the occurrence of a Change of Control Event or Share De-Listing Event, it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly
lower rate. See Bond Terms for definitions.

The Bond Terms allow for modification of the Bonds or security, waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be effected without the consent of bondholders

The Bond Trustee may agree, without the consent of the bondholders, to certain modifications to the Bond Terms and other related Finance Documents. Pursuant to the Bond Terms, remedies afforded to the bondholders are vested with the Bond Trustee, thus preventing individual bondholders from taking separate action. The Bond Trustee will be required to act in accordance with instruction given by a relevant majority of bondholders, but is also vested with discretionary powers. The bondholders face a risk that the Bond Trustee will agree to changes or amendments, or take actions, without the explicit consent of each of the bondholders.

Dependency on subsidiaries

The Group's ability to pay any amounts due on the Bonds is, to a significant extent, dependent on the financial performance of its subsidiaries, and will depend upon the level of distributions, interest payments and loan repayments, if any, received from its operating subsidiaries, any amounts received on disposals of assets and equity holdings and the level of cash balances. Certain of the Group's operating subsidiaries are and may, from time to time, be subject to restrictions on their ability to make distributions and loans including as a result of restrictive covenants in loan agreements, foreign exchange and other regulatory restrictions and agreements with the other shareholders of such subsidiaries.

Exchange risk for non-USD investors

The Bonds are issued in USD, and any future payments of interest on the Bonds will be paid in USD. Accordingly, any investor with another reference currency in its ordinary course of business is subject to adverse movements in the USD against their local currency as such adverse movements could have a material adverse effect on the local currency equivalent of any USD payments on the Bonds.

2 Definitions

Annual Financial Statements 2021	HMH Holding B.V.s special purpose consolidated financial statements for the year ended December 31 2021. The Group was established October 1 2021, consequently the consolidated income statement and statements of comprehensive income and cash flows effectively cover the period October 1 to December 31 2021, no comparative periods are available.
Articles of Association	The articles of association of HMH Holding B.V. or the Guarantors, as amended and currently in effect.
Base Prospectus	This document dated October 26 2022. The Base Prospectus has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.
BNEF	Bloomberg New Energy Finance
Board or Board of Directors	The board of directors in the Issuer or the Guarantors.
Bond Terms	Means the bond terms agreed between the Issuer and Nordic Trustee AS for each issuance of bonds, including all attachments which form an integrated part of the bond terms, in each case as amended and/or supplemented from time to time.
CAGR	Compound annual growth rate
Companies Registry	The Norwegian Registry of Business Enterprises (*Foretaksregisteret*)
Company/Issuer	HMH Holding B.V.
Final Terms	Document to be prepared for each new issue of bonds under the Prospectus. The template for Final Terms is included in the Base Prospectus as Annex 3. The template for Final Terms has been approved by the Norwegian FSA, as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves this template for Final Terms as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this template for Final Terms. Investors should make their own assessment as to the suitability of investing in the securities.
Group	Means the Issuer and all its subsidiaries from time to time.
Group Company	Means any entity that is a member of the Group.
Guarantor(s)	Means MHWirth AS, Hydril USA Distribution LLC, Hydril PCB Limited, HMH Drilling Asia Pte Ltd., MHWirth GmbH, MHWirth FZE and MHWirth Do Brasil Equipamentos Ltda.
MHWirth AS Annual Financial Statements 2021	Financial statements for MHWirth AS for the year ended December 31 2021.
MHWirth AS Annual Financial Statements 2020	Financial statements for MHWirth AS for the year ended December 31 2020.
Hydril USA Distribution LLC Annual Financial Statements 2021	Financial statements for Hydril USA Distribution LLC for the year ended December 31 2021.

Hydril USA Distribution LLC Annual Financial Statements 2020	Financial statements for Hydril USA Distribution LLC for the year ended December 31 2020.
Hydril PCB Limited Annual Financial Statements 2021	Financial statements for Hydril PCB Limited for the year ended December 31 2021.
Hydril PCB Limited Annual Financial Statements 2020	Financial statements for Hydril PCB Limited for the year ended December 31 2020.
HMH Drilling Asia Pte Ltd Annual Financial Statements 2021	Financial statements for HMH Drilling Asia Pte Ltd for the year ended December 31 2021.
HMH Drilling Asia Pte Ltd Annual Financial Statements 2020	Financial statements for HMH Drilling Asia Pte Ltd for the year ended December 31 2020.
MHWirth GmbH Annual Financial Statements 2021	Financial statements for MHWirth GmbH for the year ended December 31 2021.
MHWirth GmbH Annual Financial Statements 2020	Financial statements for MHWirth GmbH for the year ended December 31 2020.
MHWirth FZE Annual Financial Statements 2021	Financial statements for MHWirth FZE for the year ended December 31 2021.
MHWirth FZE Annual Financial Statements 2020	Financial statements for MHWirth FZE for the year ended December 31 2020.
MHWirth Do Brasil Equipamentos Ltda. Annual Financial Statements 2021	Financial statements for MHWirth Do Brasil Equipamentos Ltda. for the year ended December 31 2021.
MHWirth Do Brasil Equipamentos Ltda. Annual Financial Statements 2020	Financial statements for MHWirth Do Brasil Equipamentos Ltda. for the year ended December 31 2020.
Guarantor Articles of Association	The articles of association of each Guarantor, as amended and currently in effect.
IFRS	International Financial Reporting Standards as adopted by the European Union
ISIN	International Securities Identification Number
Joint Lead Managers	DNB Bank ASA, Nordea Bank Abp (Norwegian branch), Pareto Securities AS and Skandinaviska Enskilda Banken AB (publ)
NOK	Norwegian kroner
VPS or VPS System	The Norwegian Central Securities Depository, Verdipapirsentralen ASA

3 Persons responsible

3.1 Persons responsible for the information

Persons responsible for the information given in the Base Prospectus are as follows:
HMH Holding B.V., Weerdestein 97, 1083 GG Amsterdam, The Netherlands

3.2 Declaration by persons responsible

HMH Holding B.V. declares that to the best of its knowledge, the information contained in the Base Prospectus is in accordance with the facts and that the Base Prospectus makes no omission likely to affect its import.

Amsterdam, October 26 2022

Karl Erik Kjelstad Board Member	Larry Brian Worrell Board Member

4 Independent Auditors

The independent auditors for the Issuer and the Guarantors for the period covered by the historical financial information are given in the table below.

Company	Year	Auditor
HMH Holding B.V.	2021	KPMG N.V.*
MHWirth AS	2020 and 2021	KPMG AS
Hydril USA Distribution LLC	2020 and 2021	KPMG LLP US
Hydril PCB Limited	2020 and 2021	KPMG LLP Scotland
HMH Drilling Asia Pte Ltd	2020 and 2021	KPMG Services Pte. Ltd.
MHWirth GmbH	2020 and 2021	KPMG AG Wirtschaftsprüfungsgesellschaft
MHWirth FZE	2020 and 2021	KPMG Lower Gulf Limited
MHWirth Do Brasil Equipamentos Ltda.	2020 and 2021	KPMG Auditores Independentes Ltda.

* For the purpose of this prospectus - special purpose consolidated financial statements are audited by KPMG AS. KPMG N.V is the elected auditor for HMH Holding B.V, however no audit reports have been issued by KPMG N.V for the purpose of this prospectus.

Auditor	Auditor's address	Membership in professional body
KPMG N.V.	Laan van Langerhuize 1, Amstelveen, 1186 DS, Netherlands	The Dutch Accountants Professional Body
KPMG AS	Sørkedalsveien 6, N-0369 Oslo, Norway	The Norwegian Institute of Public Accountants (Den Norske Revisorforeningen)
KPMG LLP US	345 Park Avenue New York, 10154, United States of America	American Institute of Certified Public Accountants (AICPA)
KPMG LLP Scotland	1 Marischal Square Broad Street Aberdeen AB10 1DD	KPMG LLP (the UK member firm) is regulated by the Institute of Chartered Accountants. Partners are licensed to practice by a relevant professional body – Institute of Chartered Accountants of Scotland
KPMG Services Pte. Ltd.	16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581	Institute of Singapore chartered accountants (ISCA).
KPMG AG Wirtschaftsprüfungsgesellschaft	Klingelhöferstraße 18 10785 Berlin, Germany	Institut der Wirtschaftsprüfer - IDW (Institute of Auditors) and Wirtschaftsprüferkammer - WPK (chamber of auditors)
KPMG Lower Gulf Limited	The Offices 5 at One Central Level 4, Office No: 04.01 Sheikh Zayed Road, P.O. Box 3800 Dubai, United Arab Emirates	UAE Accountants & Auditors Association (UAECA)
KPMG Auditores Independentes Ltda.	Rua do Passeio, 38, setor 2, 17º andar – Centro/RJ Edifício Passeio Corporate 2021-290 – Rio de Janairo/RJ - Brasil	IBRACON - Instituto de Auditoria Independente do Brasil

5 Information about the Issuer and the Guarantors

5.1 Legal and commercial name, domicile and legal form

Legal name	Commercial name	Domicile
HMH Holding B.V.	HMH Holding	Netherlands
MHWirth AS	MHWirth	Norway
Hydril USA Distribution LLC	Hydril USA Distribution	USA
Hydril PCB Limited	Hydril PCB	United Kingdom
HMH Drilling Asia Pte Ltd	HMH Drilling Asia	Singapore
MHWirth GmbH	MHWirth	Germany
MHWirth FZE	MHWirth	UAE
MHWirth Do Brasil Equipamentos Ltda.	MHWirth Do Brasil Equipamentos	Brazil

Both the Issuer and the Guarantors are private limited liability companies.

5.2 Place of registration, registration number and LEI code

Legal name	Place of registration	Registration number
HMH Holding B.V.	Netherlands Chambers of Commerce	862578796
MHWirth AS	The Norwegian Companies Registry	942 524 544
Hydril USA Distribution LLC	Registered with the Delaware Division of Corporations	4511531
Hydril PCB Limited	Companies Register (Companies House) England and Wales, United Kingdom	1418491 / FEIN: 98-0565114
HMH Drilling Asia Pte Ltd	Business Registry (Accounting and Corporate Regulatory Authority (ACRA)) Singapore	FEIN: 98-0565104
MHWirth GmbH	Commercial Register of the District Court of Mönchengladbach	DE 122387896
MHWirth FZE	Dubai – UAE / Jebal Ali Free Zone 262597	108551
MHWirth Do Brasil Equipamentos Ltda.	Brazilian Corporate Taxpayers´ register	CNPJ: 28.779.772/0001-92

Legal name	LEI code
HMH Holding B.V.	8945008FRZIYPW0VW366
MHWirth AS	549300HDWI4UGF5PXN97
Hydril USA Distribution LLC	549300S3DZSMR28PBY38
Hydril PCB Limited	93B04WSV2YH2GAMGHL39
HMH Drilling Asia Pte Ltd	7M2Q77WI4MC6Z0NHKK48
MHWirth GmbH	967600HPWLDN8B7I6R95
MHWirth FZE	N/A
MHWirth Do Brasil Equipamentos Ltda.	N/A

5.3 Country of incorporation, date of incorporation and legislation

Legal name	Country of incorpration	Date of incorpration
HMH Holding B.V.	Netherlands	April 28 2021
MHWirth AS	Norway	February 27 1987
Hydril USA Distribution LLC	USA	February 28 2008
Hydril PCB Limited	United Kingdom	May 9 1979
HMH Drilling Asia Pte Ltd	Singapore	October 31 2007
MHWirth GmbH	Germany	Year 1895
MHWirth FZE	UEA	April 17 2008
MHWirth Do Brasil Equipamentos Ltda.	Brazil	October 2 2017

Legal name	Legislation
HMH Holding B.V.	Dutch
MHWirth AS	Norwegian
Hydril USA Distribution LLC	US
Hydril PCB Limited	UK
HMH Drilling Asia Pte Ltd	Singapore
MHWirth GmbH	German
MHWirth FZE	UAE
MHWirth Do Brasil Equipamentos Ltda.	Brazillian

5.4 Address, telephone and website

Legal name	Address	Telephone
HMH Holding B.V.	Weerdestein 97, 1083 GG Amsterdam, The Netherlands	+47 38 05 70 00
MHWirth AS	P.O. Box 413 Lundsiden, N-4604 Kristiansand S, Norway	+47 38 05 70 00
Hydril USA Distribution LLC	3300 North Sam Houston Parkway East, Houston, US-TX, 77032, US	+1 281 371 2424
Hydril PCB Limited	10th floor, 245 Hammersmith Road, Hammersmith, London W6 8PW, UK	+44 1224 040448
HMH Drilling Asia Pte Ltd	2 Benoi Road, Singapore 629876	+65 6262 6633
MHWirth GmbH	Kölner Str. 71-73, 41812 Erkelenz, Germany	+49 2431 83-0
MHWirth FZE	Office 1025, Lvl.10, Tower B, JAFZA One Building, JAFZA, Dubai, UEA	+971 4 550 6200
MHWirth Do Brasil Equipamentos Ltda.	Rua Sergio Roberto Franco, s/n, Quadra 03 parte, Macaé, RJ, Brazil	+55 22 2141-3163

Both the Issuer and the Guarantors have website https://hmhw.com.

The information on the website does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

5.5 Objects and purposes

HMH Holding B.V.
HMH delivers a global full-service offshore and onshore drilling equipment offering which provides customers with a broad portfolio of products and services that are designed to be safer and more efficient. The Group also actively embraces opportunities in other industries including offshore wind, subsea mining, civil construction and innovative digital solutions.

The objectives of the company are according to the Articles of Association §2.2;

(a) to incorporate, to in any manner participate or take any other interest in, to manage and to supervise businesses and companies of whatever nature;
(b) to give advice and to provide services to businesses and companies with which the Company is affiliated;
(c) to finance businesses and companies with which the Company is affiliated;
(d) to borrow and to raise funds, including the issuing of bonds, debentures or other securities, and to enter into related agreements; and
(e) to issue guarantees, to commit the Company and to encumber the assets of the Company for the benefit of businesses, companies and other legal entities with which the Company is affiliated in a group and for the benefit of third parties,

as well as any and all things that are related or may be conducive to the above, all of this in the broadest sense of the word.

MHWirth AS
The purpose of the company is industrial activities and trade, as well as obtaining and application of patents, inventions and technical know-how. The company may also participate or cooperate with other private or public sector businesses, according to the Articles of Association §3.

Hydril USA Distribution LLC
According to the Limited Liability Company Agreement Clause 2 the company is formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Delaware Limited Liability Company Act.

HMH Drilling Asia Pte Ltd
The objectives and purpose of the entity is not listed in the formation documents. The purpose of the company is manufacture and repair of process control equipment and related products (Source: BizFile).

Hydril PCB Limited
The objectives for the company can be found in the Memorandum of Association Clause 3 letters (a) - (w).

MHWirth GmbH
The objectives of the company are according to §4 in the Articles of the Association:

1. The object of the company is the manufacture, development, design, distribution and leasing of machines of all kinds, and the sale and leasing of all types of machinery, in particular drilling rigs, pumps, roadheaders, tunnel and shaft boring machines, and related products, including tools and spare parts, as well as the realization of all related business.
2. The further object of the company is the contract hardening shop, heat treatment and the hiring out of employees for commercial purposes. The company may take all other business measures which are suitable to promote the purpose of the company. The company may invest in other companies of the same or a similar kind and may establish branches.

MHWirth FZE
According to the Memorandum of Association §3 the objectieves for which the FZE is established are:

(a) Well Drilling Equipment Trading Oilfield & Natural Gas Equipment & Spare Parts Trading;
(b) To carry on all such business within the area of the Jebel Ali Free Zone as the Jebel Ali Free Zone Authority may permit under the terms of the licence issued in respect of the FZE; and
(c) To carry on any other trade or business which can be carried on by the FZE in connection with or as ancillary to and of the business objectives mentioned in this Clause 3 or general business of the FZE.

MHWirth Do Brasil Equipamentos Ltda.
According to the Articles of Association Clause 3 the Company’s purpose shall be the following activities;

(a) Purchase, sale, manufacture, import, installation, maintenance, technical assistance, provision of training services, supervision operation and leasing of equipment, machinery and accessories related to oil and gas and mineral industries, directly or indirectly, including offshore services;
(b) Real Estate rent and
(c) Participation in other companies, either as a shareholder or stockholder.

5.6 Recent events

There have not been any recent events particular to the Issuer, nor the Guarantors, which are to a material extent relevant to an evaluation of the Issuer’s, or any of the Guarantor’s, solvency.

5.7 Credit ratings

No credit ratings have been assigned to the Issuer or the Guarantors at the request or with the cooperation of the Issuer or the Guarantors in the rating process.

5.8 Changes in borrowing and funding structure since the last financial year

Apart from these bonds issued in February 2022, which refinanced the Issuer’s USD 150,000,000 Bridge Facility, there have been no material changes in the Issuer’s borrowing and funding structure since the last financial year.

The Guarantors, which are all part of the same Group, receive all borrowings from other companies within the Group.

5.9 Expected financing of activities

As at the date of this Base Prospectus, the Issuer does not have any expectations to enter into any new financing agreements.

6 Business overview

HMH is a global provider of integrated drilling solutions and services with sophisticated technology, industry-leading engineering, and strong project management capabilities. HMH's key offering includes drilling rig packages, drilling equipment, pressure control equipment, drilling lifecycle services, digital solutions (and more).

HMH Holding B.V. was incorporated in conjunction with the combination of Akastor ASA's wholly-owned subsidiary MHWirth and Baker Hughes' Subsea Drilling Systems (SDS) unit. Akastor is a Norway-based investment company with a flexible mandate for industrial and financial investments in the oil services sector. Baker Hughes is an energy technology company providing solutions for energy and industrial customers, with operations across 120 countries. Baker Hughes' business encompasses oilfield services and equipment as well as digital and process solutions. The merger was finalized on October 1 2021.

6.1 Main categories of products sold and/or services performed

Drilling (Offshore and Onshore)

The merged company combines MHWirth's Topside drilling equipment packages (top drives, drawworks, derricks, etc.) mud systems, and drilling risers, and Baker Hughes SDS' pressure control equipment (blowout preventers, control systems, diverters, etc.) and drilling riser equipment. HMH has therefore become a full-house drilling solutions provider serving all drilling segments, including floaters (Semisubmersibles + Drillships), jackups, fixed platforms, and onshore rigs.

The company's primary customers include rig builders and/or owner operators in all segments, such as drilling contractors, oil companies, and shipyards. HMH's main product offering and key customers within each of these segments is summarized in the image below.

Figure 1. Summary of HMH's Drilling offering in key market segments

Supply – a few key players in the drilling equipment market

NOV, Schlumberger (Cameron) and HMH are the main equipment providers for the offshore drilling market. NOV is the clear market leader, mostly as a result of that company expanding its penetration during the latest build cycle (2008-2015). At the time, NOV hugely benefitted from offering a full suite offering (topside drilling equipment + pressure control equipment), whereas MHWirth and Baker Hughes' SDS legacy companies were participating in their respective segments independently, and therefore having a difficult time competing against NOV which benefitted from economies of scale and scope.

Within the global offshore drilling fleet (floaters, jackups and fixed platforms), HMH has the second-largest penetration/installed base of topside drilling equipment and risers, and the third largest penetration within the main Pressure Control Equipment categories, including BOP and Diverters, as shown in the image below.

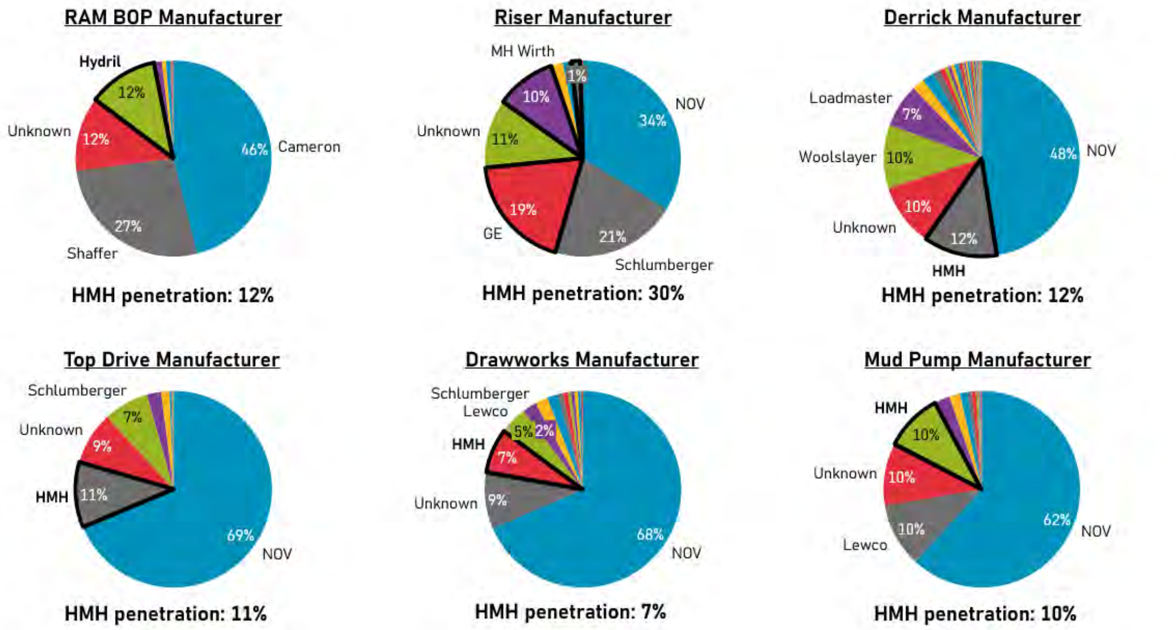
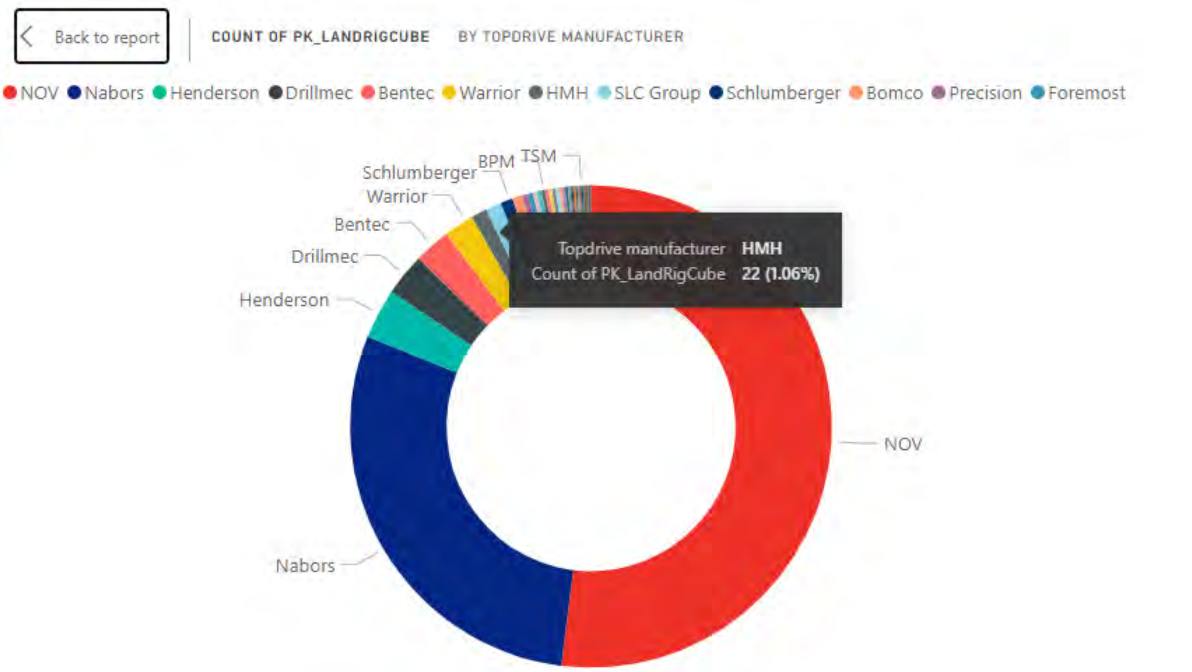


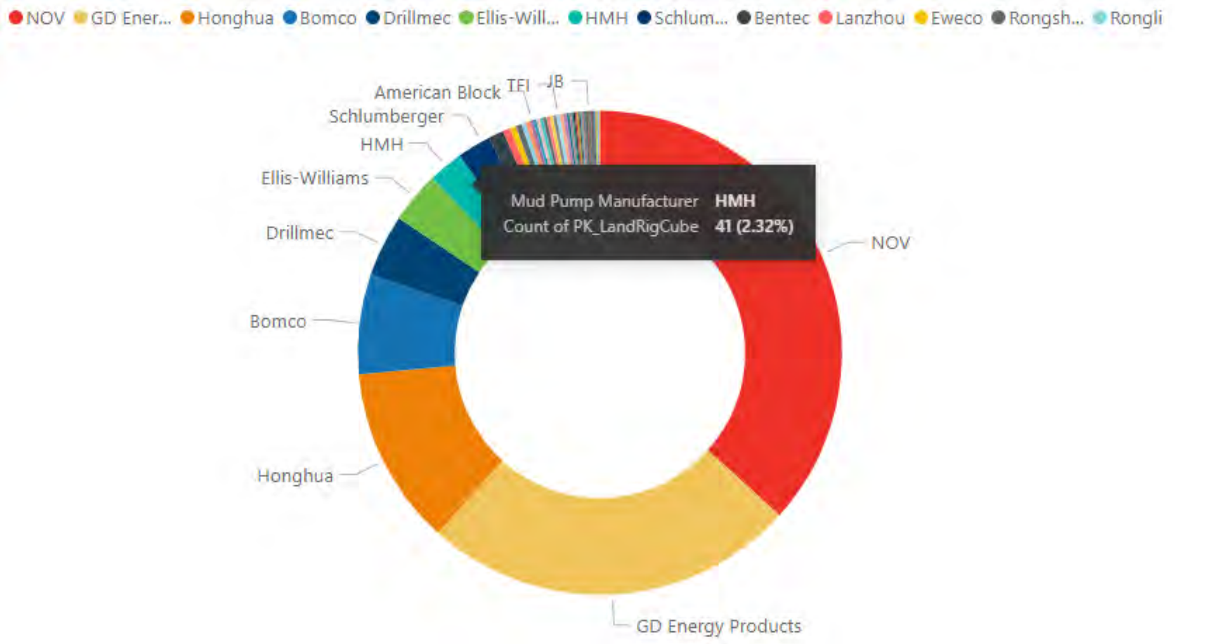
Figure 2. Market share analysis by product (Source: Rystad Offshore Rig Equipment Analysis Dashboard). Note: Hydril, GE, and MH Wirth are to be considered as HMH.

Now that HMH provides a full suite drilling equipment offering, the group is better positioned to compete against NOV during any future build cycles.

The Onshore drilling market is more fragmented than the offshore drilling space, and many players in addition to NOV and Schlumberger (Cameron) compete against HMH in most product segments. Whereas there is significant oversight and regulation in the offshore drilling space, there is less of it in onshore markets, which allows smaller local players and Chinese based manufacturers to compete more efficiently against bigger names. Companies like WOM, AXOM, Honghua, Rongsheng, among others, have significant presence in many regions.

Even though HMH is not a market leader in the onshore drilling space, the Issuer is among the top ten OEMs in multiple equipment categories within the topside drilling and pressure control equipment spaces (Source: Rystad Analysis Dashboard).





HMH Drilling offering split into categories
HMH's offering can be split into three main categories:

- Rig Products
- Aftermarket Services
- Rig Intelligence / Digital Solutions

Rig products are provided across most drilling markets, either as single equipment sales or as part of larger construction projects. Key products include topside equipment, derrick and handling equipment, mud and control systems, BOPs and risers. Furthermore, the company offers aftermarket services for installed products, such as spare parts, maintenance, and overhaul and repair, securing repeat business and stable income for the duration of the rigs' lifetime. Rig intelligence/digital solutions encompasses digital products and services that enable operational optimization such as drilling automation and condition-based maintenance. These offerings are an important revenue driver as they provide upgrade opportunities, and the technology can be reused in new business segments to provide for additional revenue.

A high-level overview of products and services offered by HMH is shown below:

Figure 3. High-level overview of HMH's Drilling Products and Services

Non-oil business

HMH also participates in non-oil related industries, primarily through provision of products and services to mining (both onshore and subsea) and constructions companies. These include pile top drill rigs (PBA), heavy duty slurry pumps (installed base of >115 units in mining complexes around the world for use in processes such as autoclave feeding, tailings transfers, ore hoisting, etc.) and subsea mining (fleet of seven vessels equipped with HMH drilling/mining systems to mine for diamonds and minerals crucial in energy transition).

The issuer has highlighted further opportunities in these markets going forward, through delivery of slurry pumps to APAC and LATAM in 2022–2023 (revenue potentials of more than USD20m per year) and increased demand for PBAs in expanding markets and offshore windmill fixed installations.

A high-level overview of non-oil business served by HMH and its offerings is shown below:

Pile top drill rigs (PBA)		***Main uses:*** *Foundations for buildings, Bridges, Ports, Dams and Windmills*	• *PBA is a niche market in on- and offshore projects for hard rock drilling. Extension for new applications in multiple areas* • *MHWirth market leader in # of PBAs sold (>300)*
Heavy duty slurry pumps		***Main uses:*** *Mining, Process industry and Pipeline Transportation*	• *Installed base of over 115 pumps in total in Americas, Europe, Africa, Middle East and APAC. MHWirth top 3 in overall pumps sold*
Subsea mining		***Main uses:*** *Complete systems for offshore mining for diamonds and other minerals*	• *Fleet of 7 drilling and sampling vessels, all equipped with MHWirth drilling / mining systems* • *Subsea minerals crucial for energy transition*
Seabed research		***Main uses:*** *Coring and sampling of the bottom of the ocean*	• *Complete package for drilling, core sampling and methane hydrate investigation*

Figure 4. Summary of HMH offerings in non-oil segments

6.2 Significant new products or activities

Opportunities in renewable markets

The issuer has recognised the potential to utilise its expertise within industries focused on the energy transition, and has highlighted offshore wind, geothermal and digital solutions as three key areas of opportunity going forward.

Opportunities in renewable industries are shown below:

Offshore wind		***Main areas:*** *Installation, operation & maintenance*	• *Large diameter drilling – anchor & monopile installation* • *Wind turbine installation* • *Array cable and buoyancy installation*
Digital solutions		***Main areas:*** *SCADA, operational management systems, data collection & analytics*	• *Monitoring and control* • *Optimized performance through digital workflows, logistics and recourse planning*
Geothermal		***Main areas:*** *Drilling and control*	• *Drilling equipment, mud pumps, drawworks* • *Control system*

Figure 5. Opportunities that are currently being reviewed by HMH in other non-oil segments.

6.3 Principal markets in which the issuer competes

HMH is primarily exposed to the drilling equipment market through its rig equipment offering. It is present across all drilling segments, including both offshore and onshore drilling.

Offshore Drilling

Historically, demand for offshore drilling rigs (and therefore drilling equipment) has been driven by multiple factors, but arguably the most important has been oil price. Given the volatile nature of this commodity's pricing, a cyclical nature is therefore common in the demand for the drilling equipment that the group sells. If we look back at recent history, demand for drilling equipment peaked in the early 2010's when increasing oil prices led to an increase in demand for drilling rigs, which coupled with tightening supply levels for drilling rigs led to a booming market for drilling equipment manufacturers.

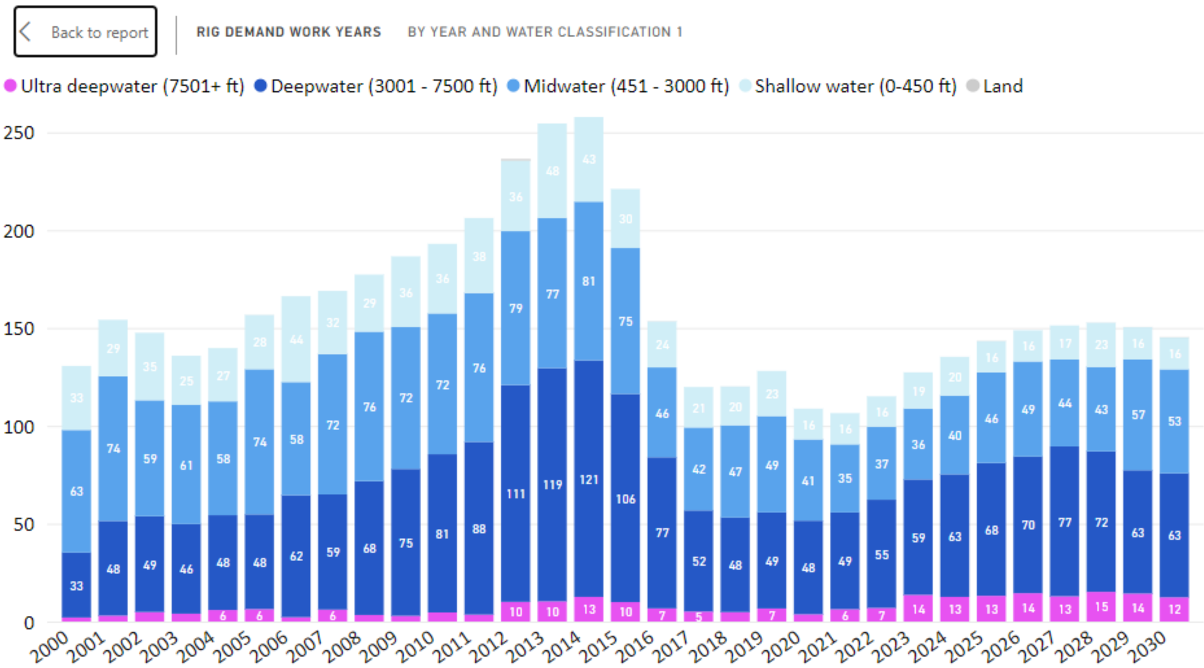


Figure 6. Global Rig demand - Floaters (Source: Rystad Energy Rig Analytics Dashboard)

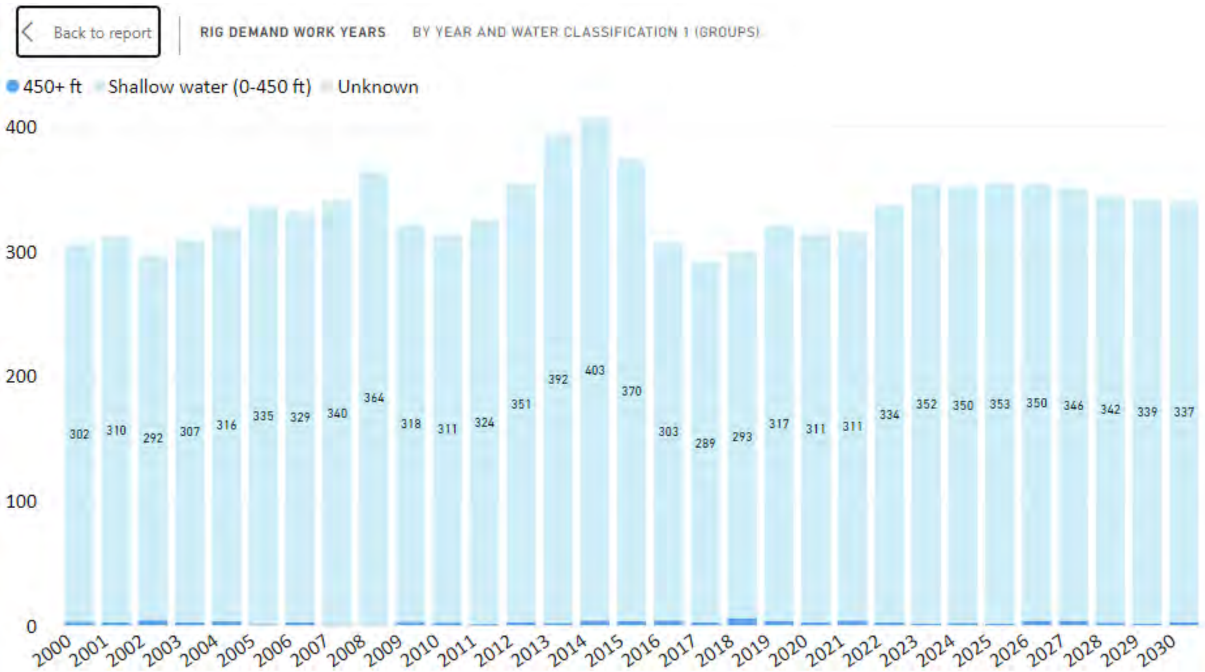


Figure 7. Global rig demand - Jackups (Source: Rystad Energy Rig Analytics Dashboard)

Increasing oil prices in early 2010's drove oil companies to drill more exploration and development wells, which in turn led to an increasingly tight supply of drilling rigs (average utilization levels within most categories hovered around 90%, particularly offshore. Day rates paid by operators to lease offshore drilling rigs from drilling contractors practically exploded, going from ~$100K/day in 2005 to ~$450K by 2015.

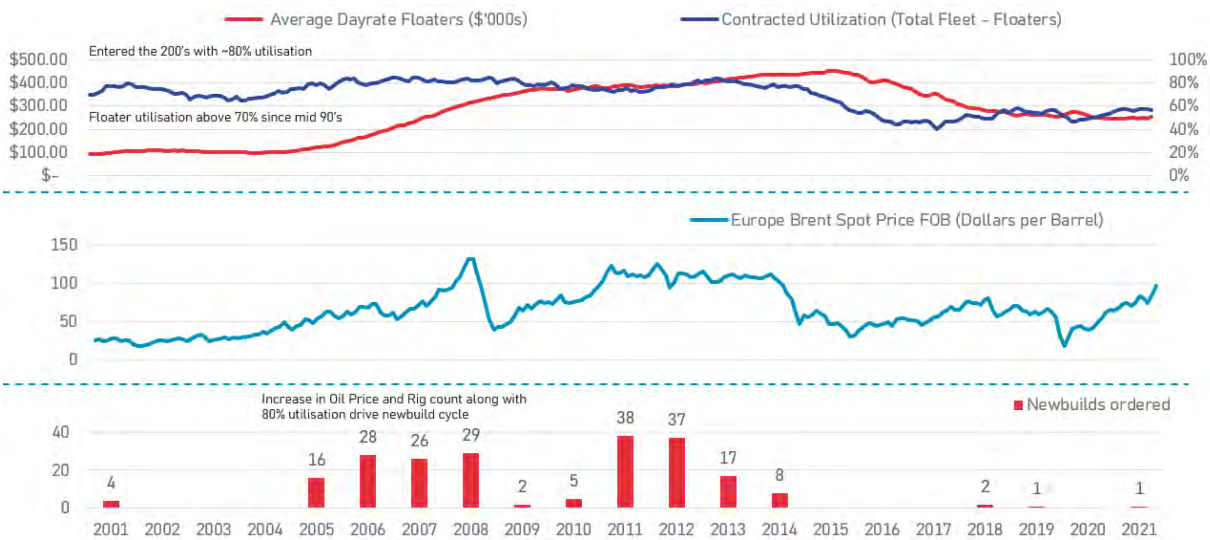


Figure 8. Newbuild orders vs. oil price (Source: HMH Marketing analysis; Rystad RigCube, IEA)

This environment subsequently resulted in the placement of multiple newbuild orders by drilling contractors, shipyards and even speculative independent investors, who wanted to benefit from the explosive growth seen in the offshore drilling market. More than 200 floaters were ordered between 2005 and 2014, and the legacy companies of the HMH group benefitted from this trend.

However, a sharp increase in oil and gas production in the US (shale), couple with other factors led to a global supply glut, and subsequently oil prices started to drop significantly in 2014. As a result, active rig count numbers dropped in all segments, and such demand destruction coincided with the delivery of newbuild rigs ordered in the previous decade.

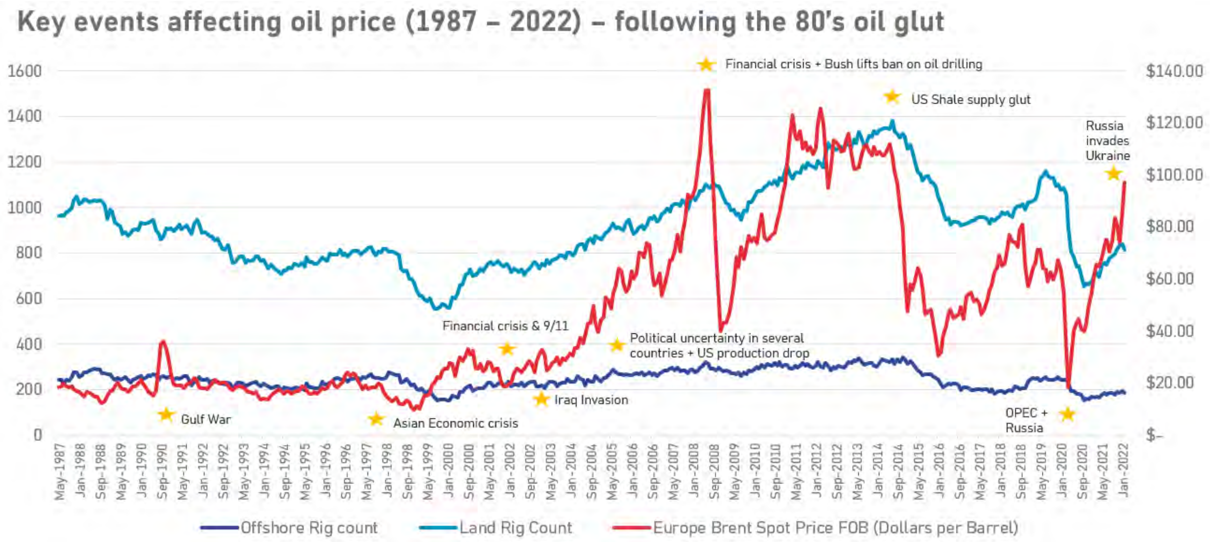


Figure 9. Rig count vs. Oil price dynamics (Source: HMH Marketing analysis; Baker Hughes rig count, IEA)

The resulting rig supply overhang led to drops in day rates and challenged financials for HMH's key customers. The Covid-19 pandemic further exacerbated the negative market context, and in the last few years, HMH seen several of its main customers go through bankruptcy proceedings. Given this context, HMH has seen lower demand for new drilling equipment since 2015, and most of the orders it has received since then relate to aftermarket services, including sale of spare parts, maintenance, and overhaul and repair.

Increasing oil prices in the aftermath of the Russia/Ukraine conflict, coupled with the fact that the oil and gas industry has now gone through a relatively long period of time with low levels of investment, are now shaping the offshore drilling equipment market towards a positive inflection.

Rystad Energy expects offshore exploration and drilling activity to tick upwards as E&P companies increase their spending budgets, due to improved economics on the back of strong oil price fundamentals. It also forecasts that floater demand will grow with from ~106 rig years in 2021 to ~143 rig years in 2025, driven by improved break-evens vis-à-vis land and unconventional markets. This is largely a result of the prolonged downturn shifting focus towards efficiency and standardisation, increasing the relative competitiveness of deepwater and ultra-deepwater production.

Floater rigs constitute ~55% of HMH's marketed installed base, and therefore, any increase in floater rig demand is a natural driver for HMH's drilling equipment and service demand. HMH management expects that the growth in the number of active units equipped with HMH equipment should grow on par with the market.

With the improving market context, demand for offshore drilling rigs (both floaters and jackups) started to pick up in the second half of 2021, and we have already seen an increase in the number of floater rig reactivations vs. 2019-20, many of which were cold-stacked.

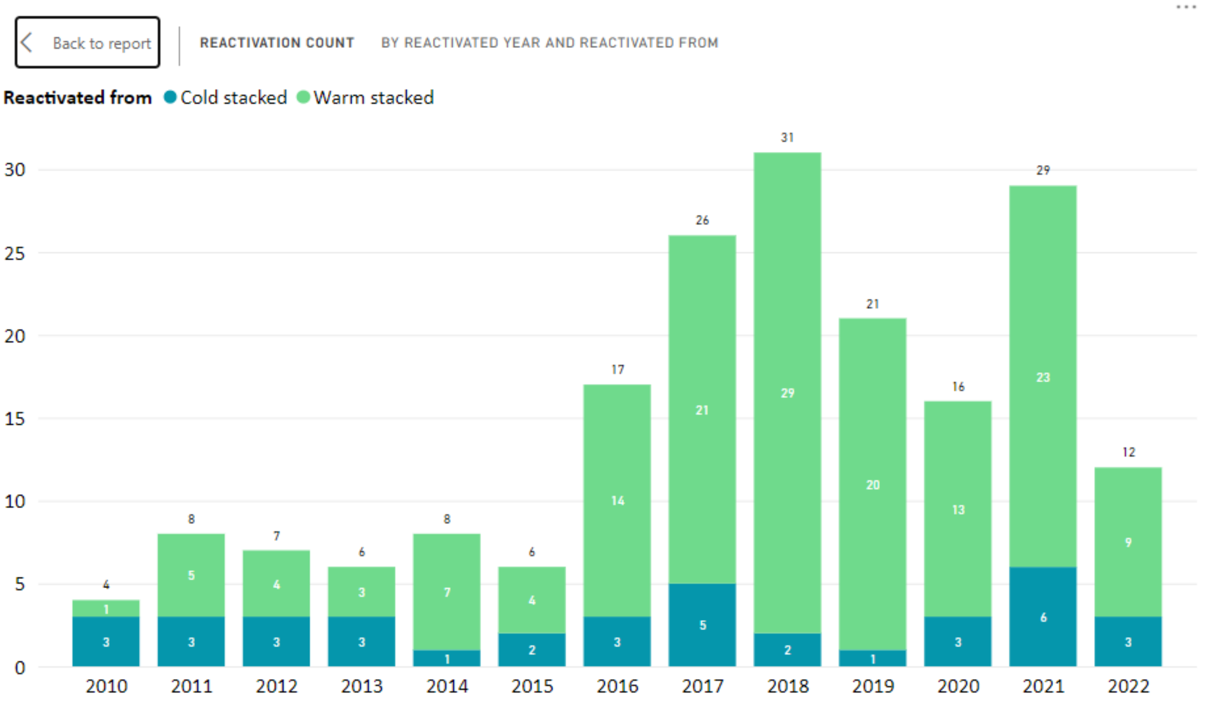


Figure 10. ractivations by year – Floaters (Source: Rystad Rig Analytics Dashboard). For 2022 January to June numbers are included.

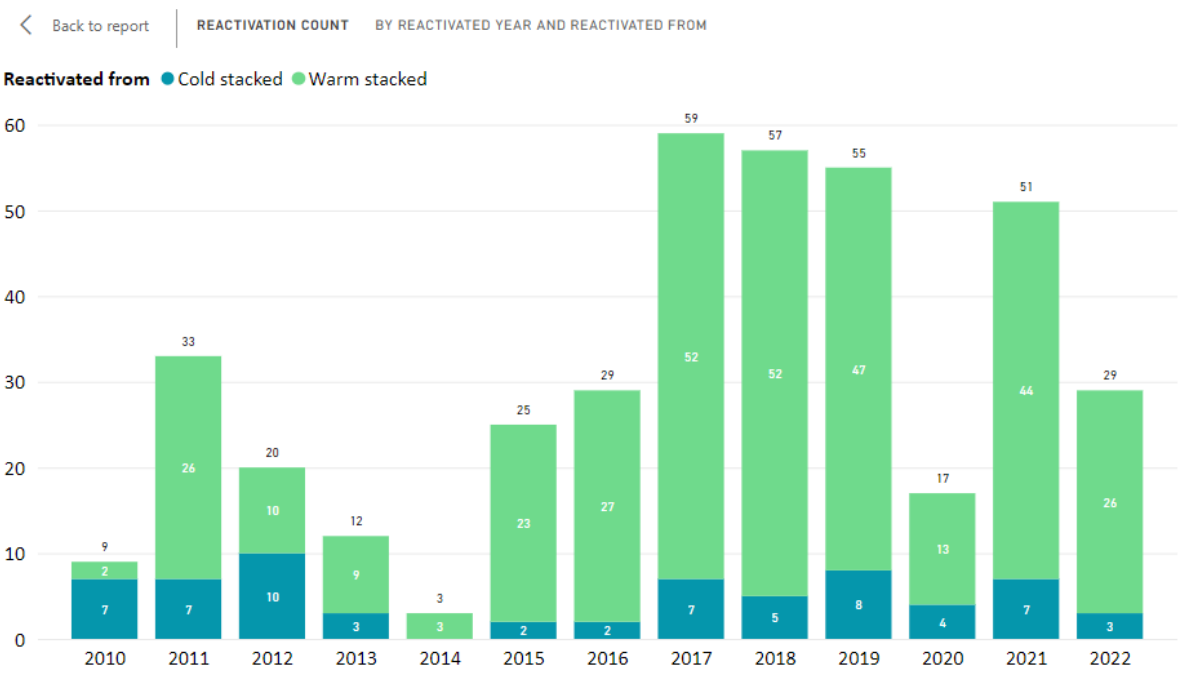


Figure 11. Reactivations per year – Jackups (Source: Rystad Rig Analytics Dashboard). For 2022 January to June numbers are included.

Reactivation of stacked rigs will continue to be the main vehicle that drilling contractors will use to cover subsequent demand increases in the short term. However, it is worth mentioning that in the last 8 years, most rig owners have retired/scrapped a significant number of rigs.

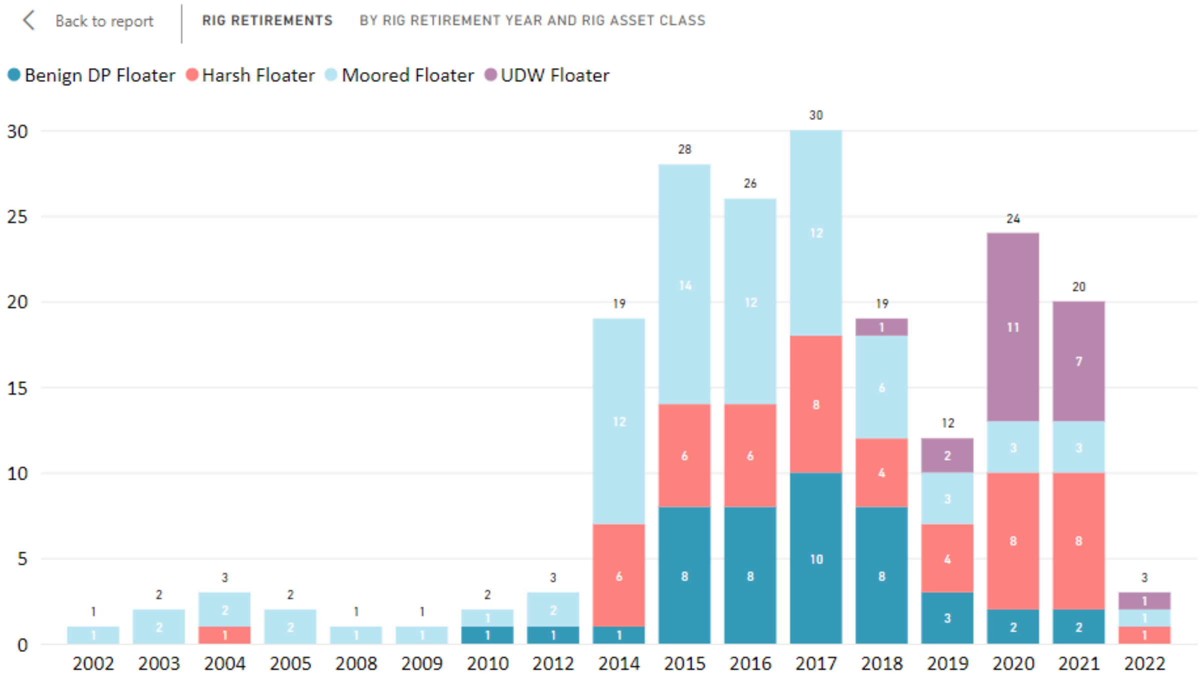


Figure 12. Rig retirements – Floaters (Source: Rystad Rig Analytics Dashboard)

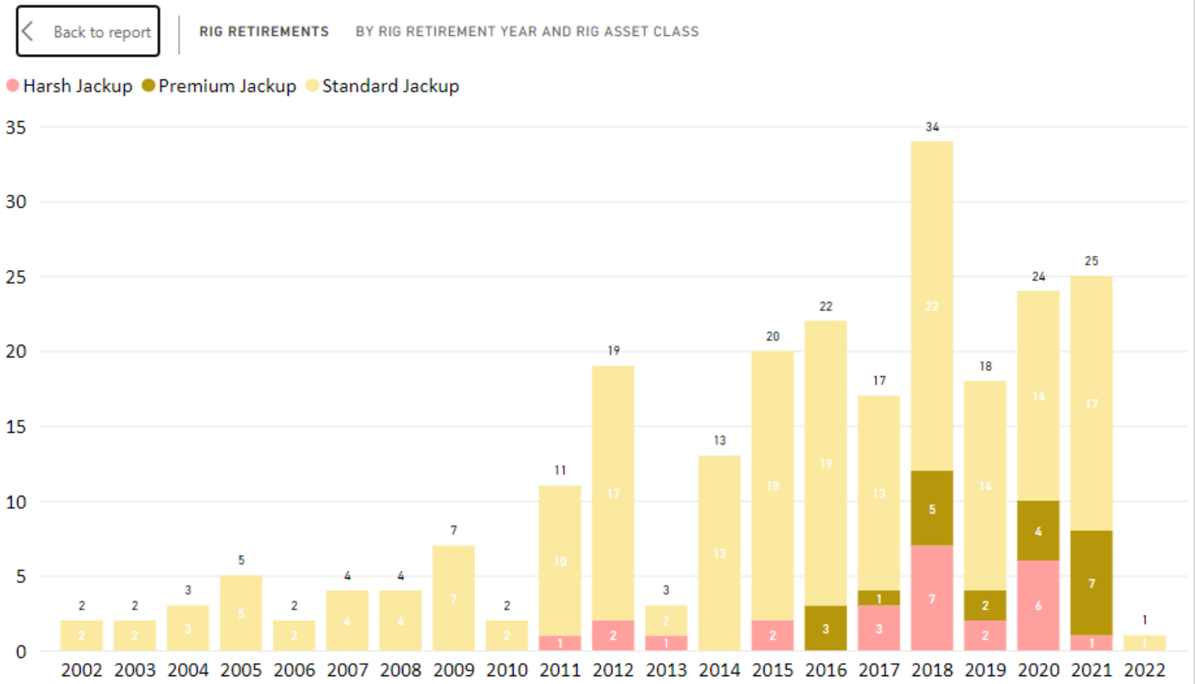


Figure 13. Rig retirements – Jackups (Source: Rystad Rig Analytics Dashboard)

On the back of these rig retirements, along with the strengthening market, Rystad Energy projects that marketed demand for floaters could tighten to just shy of 80% by 2025 (excl. additional retirements), from 61% after the oil price collapse in 2020. Similarly, it expects marketed demand for jackups could average 78% utilization in 2022, and as shown in the following figures, the gap between marketed utilisation (excluding cold stacked units) and global utilisation is closing. The supply overhang that was evident at the worst of the downturn, has become less marked in most market segments.

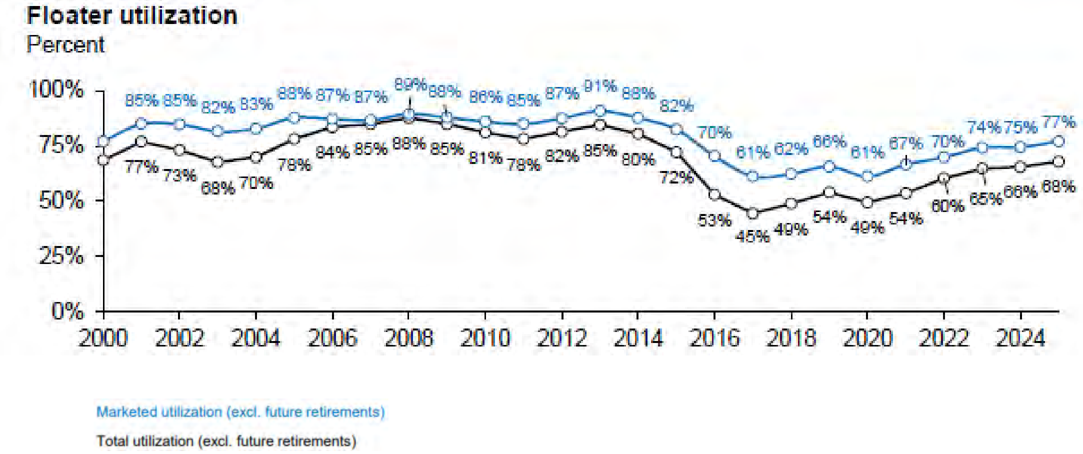


Figure 14. Floater utilisation levels. (Source: Rystad Offshore Report June 2022)

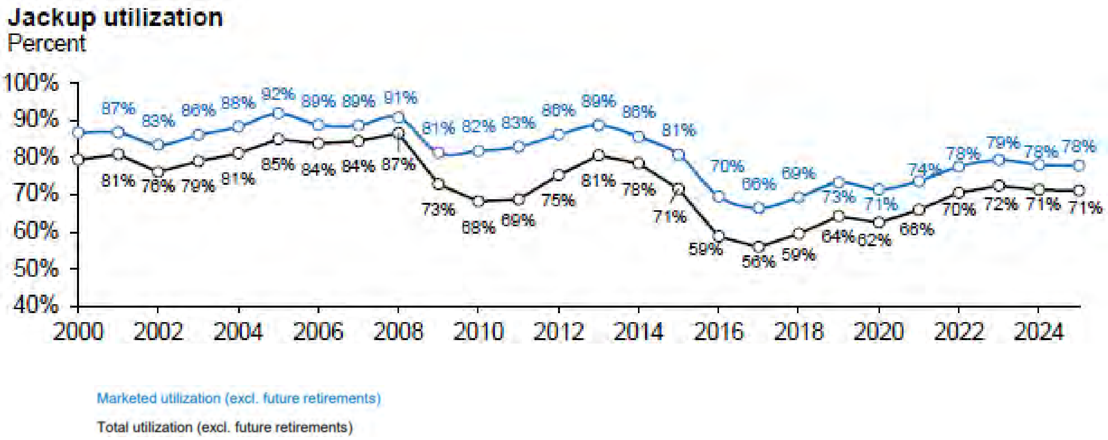


Figure 15. Jackup utilisation levels. (Source: Rystad Offshore Report June 2022)

It is important to highlight that the floaters market is experiencing significant tightness in key regions such as the Golden triangle (particularly in the USGOM, where we are currently seeing marketed utilization above 95%) and the drillship segment in general.

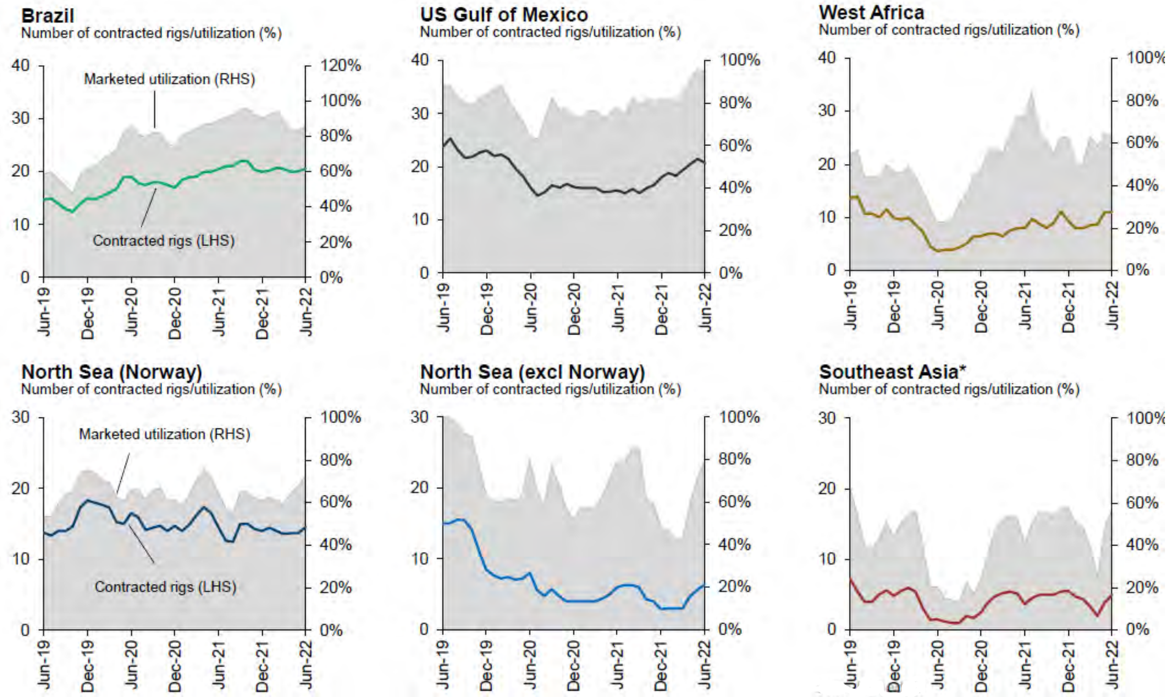


Figure 16. Floater Marketed Utilisation levels by region. (Source: Rystad Offshore Report June 2022)

According to Rystad, marketed utilisation level for benign drillships is currently sitting at 78%. Other intelligence providers such as Riglogix, and Spinergie, highlight an even tighter picture. For instance, in its latest Market Report, Spinergie highlights that Marketed Utilisation levels for Drillships are currently sitting above the 90%. Intelligence providers use slightly different approaches to calculate utilisation levels, which explain these discrepancies, but they all converge in one thing. Current utilisation levels in most market segments and particularly in the drillship market, are at the highest levels seen since 2016.

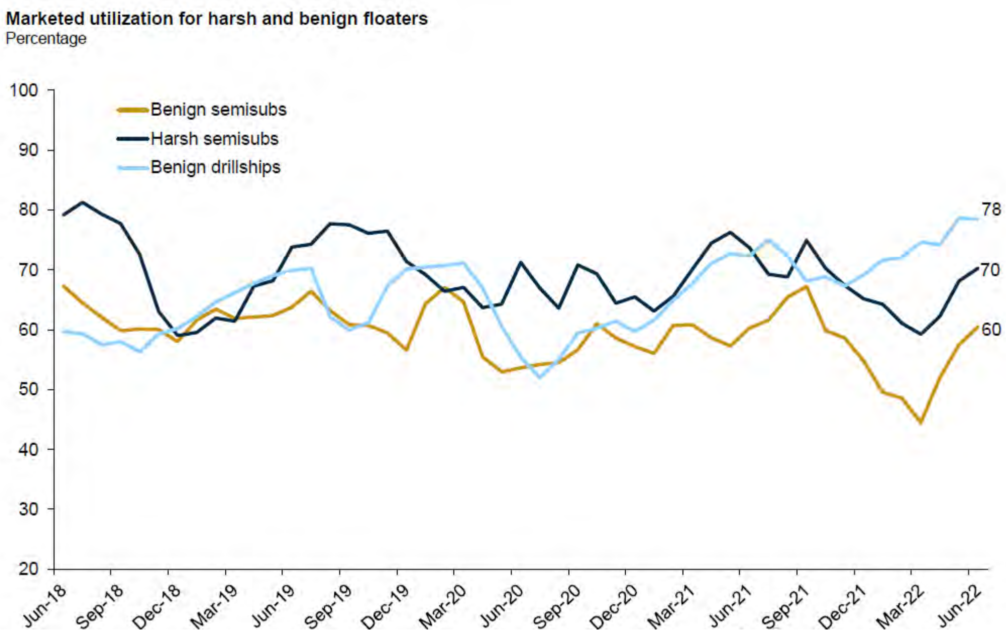


Figure 17. Marketed utilisation levels by floater rig type. (Source: Rystad Offshore Report June 2022)

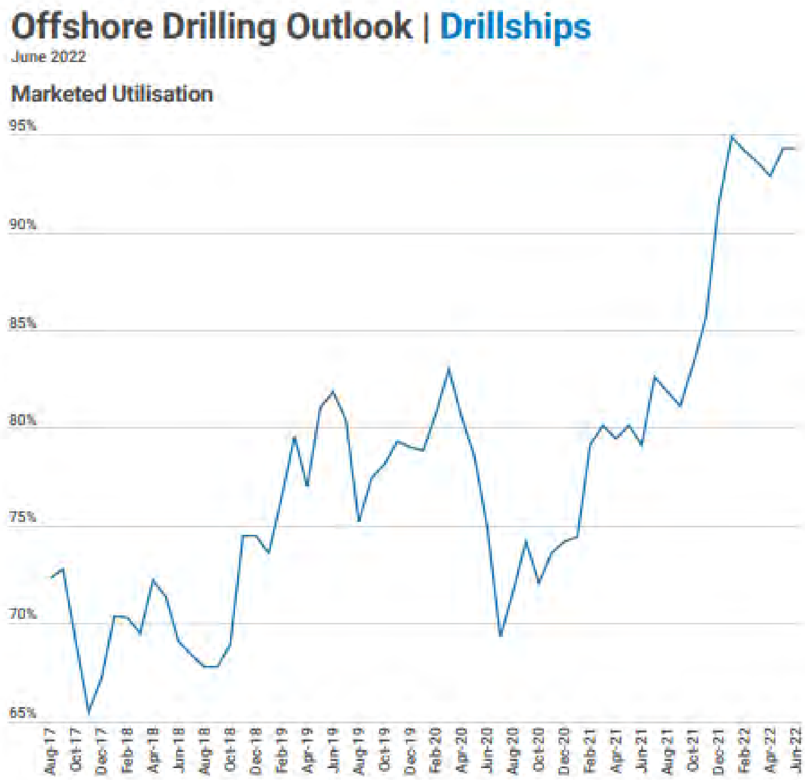


Figure 18. Marketed utilisation for drillships (Source: Spinergie Offshore Drilling Outlook June 2022)

Similarly, Jackup markets are tightening significantly. As shown in the images below, current global marketed utilisation levels are around 80%, and rig count is increasing in most regions. In MENAT, local E&P companies and drilling contractors, have recently made, and are expected to continue making sizeable investments to increase drilling capacity in the region. For instance, since October 2021, ADES has acquired more than 20 jackups to expand its operational capacity in the region.

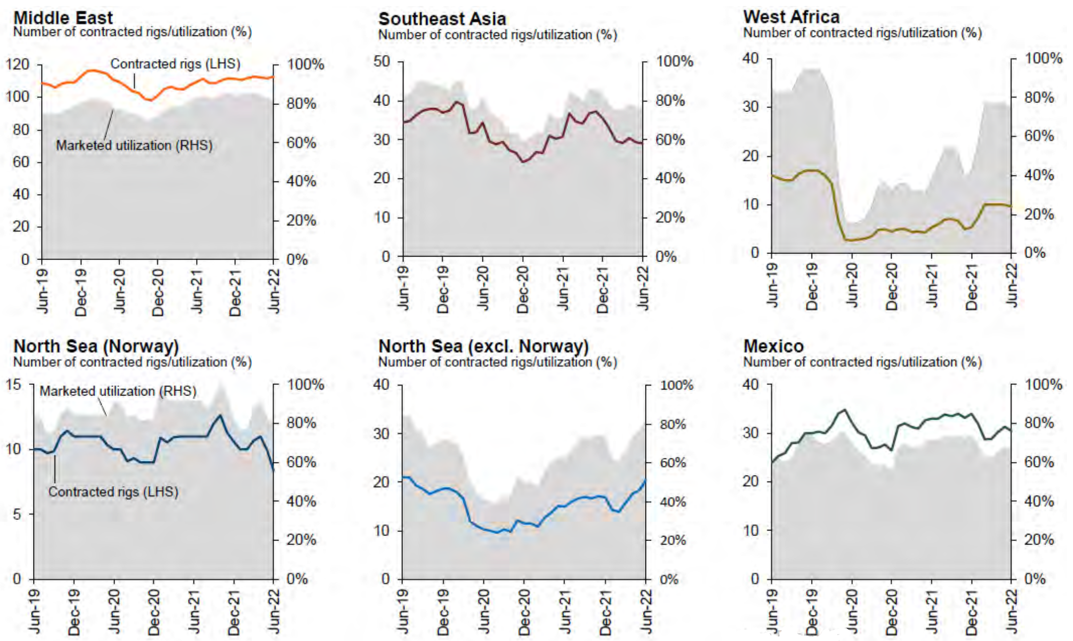


Figure 19. Jackups Marketed Utilisation levels by region. (Source: Rystad Offshore Report June 2022)

Figure 20. Jackups Marketed Utilisation levels by asset type. (Source: Rystad Offshore Report June 2022)

We previously highlighted that rig reactivations will most likely be the preferred route employed by drilling contractors to address any additional increases in demand, but it is important to bear in mind that many of the rigs that are currently listed as cold stacked, have been in that state for several years, and it would be very costly to reactivate them. Therefore, many of these units could end up being retired/scrapped, meaning that the number of options that drilling contractors have to fill any demand surges by reactivating units is actually smaller than it may seem.

Therefore, an unexpectedly large increase in global demand for oil and gas, may subsequently accelerate the arrival of the next drilling rig build cycle. In that event, HMH would be very well positioned to take advantage.

Onshore Drilling

The onshore drilling market represents a fairly small part of HMH's product portfolio, but is becoming an increasingly important segment on the back of its expanding penetration within the Middle East and North Africa and Latin America.

Even though North American shale operators are expected to be more sensitive to capital discipline by operators than during the expansion wave seen in the early 2010's, most industry analysts expect drilling activity levels to increase in the current market context. Rystad Energy expects the number of onshore completed wells in North America to increase from roughly 14.8K in 2020 to roughly 25.4K by 2024, falling just slightly below the levels seen in 2017-2019. If oil prices remain consistently above $100 for a significant period, we may see higher levels of activity in the region.

Onshore activity in the Middle East is also expected to be a key growth driver, as E&P companies in the region, continue to make investments to increase local production of oil and gas. Rig utilisation levels in the region are growing, and technical requirements are becoming more demanding. Local Operating Companies are looking to drill hotter, and higher pressured wells, and companies with a technology edge such as HMH may be better suited to provide products that deliver optimal performance in such conditions.

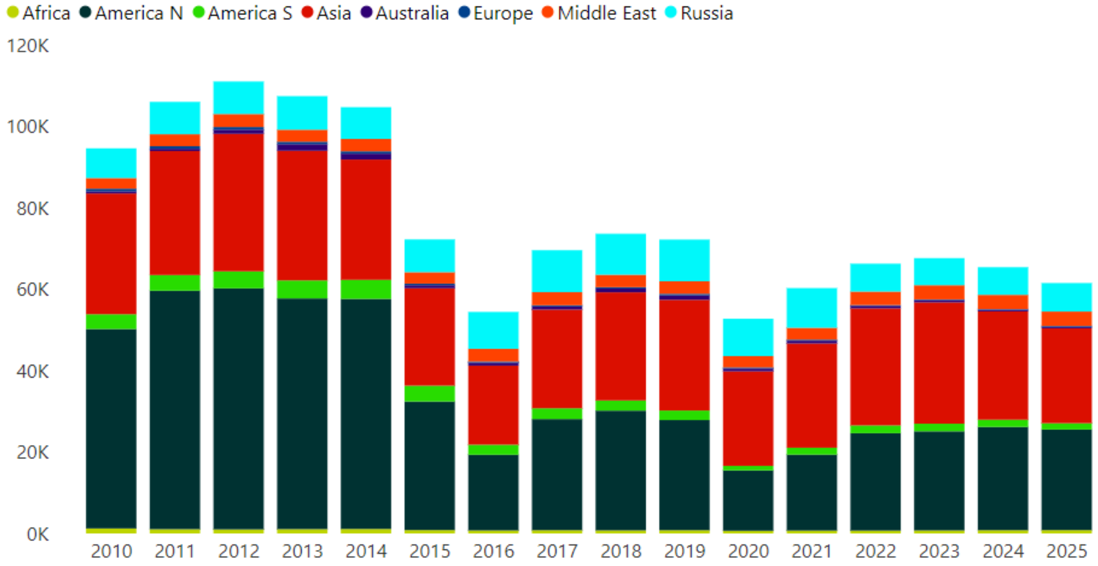


Figure 21. Land Wells completed by region (Source: Rystad Onshore Rig market Analysis)

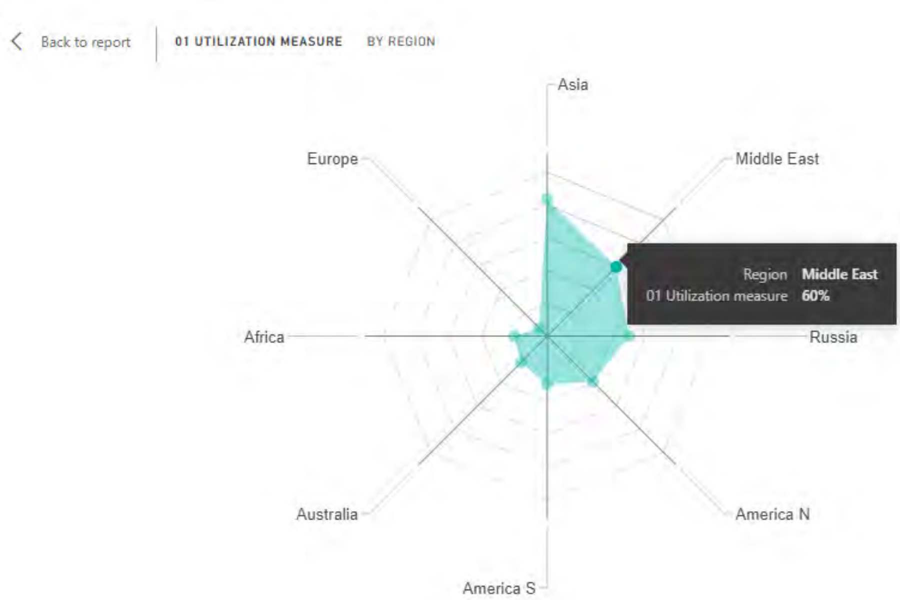


Figure 22. Land rig Utilisation levels (Source: Rystad Onshore Rig market Analysis)

Non-oil constituting a growing share of HMH's business

HMH is seeing a growing share of its revenue base from non-oil businesses. This is much in line with the general service market seeking opportunities outside oil and gas exploration to become broader energy service companies. HMH is increasingly exposed to onshore and subsea mining as well as renewable energy, which we expect to provide opportunities to expand its total installed base and service revenues.

Subsea and onshore mining

HMH operates within the onshore and offshore mining/construction industry. Going forward, certain relevant minerals are expected to meet large demand on the back of increased demand of low carbon/digital technologies. The International Energy Agency estimates that in response to the shift to net zero, the world will require more mining. Furthermore, the IEA projects that the annual demand for critical minerals from clean energy technologies will surpass US$400bn by 2050, which is equivalent to the annual revenues of the current coal market. (Source: IEA; PwC Mine 2022).

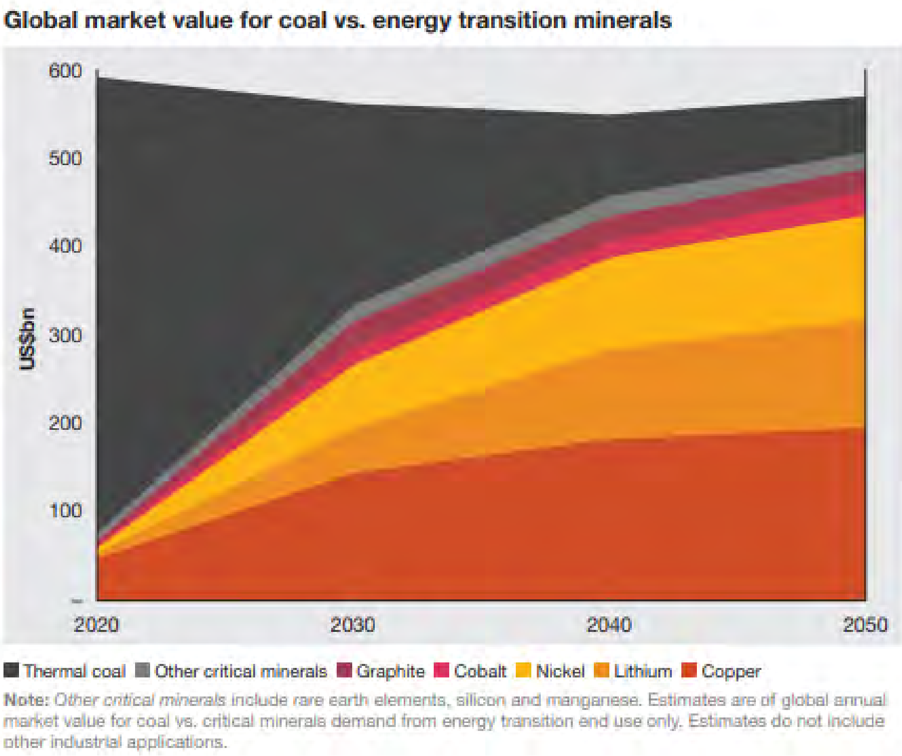


Figure 23. Global market for coal vs. energy transition minerals (Source PwC Mine 2022, adpated from IEA)

The demand for minerals will, however, be challenging to meet due to the inelasticity of supply levels, causing both challenges and opportunities for suppliers of new mining systems such as HMH.

The currently committed mine production for key minerals such as Copper, Lithium, and Cobalt could fall behind the demand levels require to reach net zero as early as 2024 (see image below).

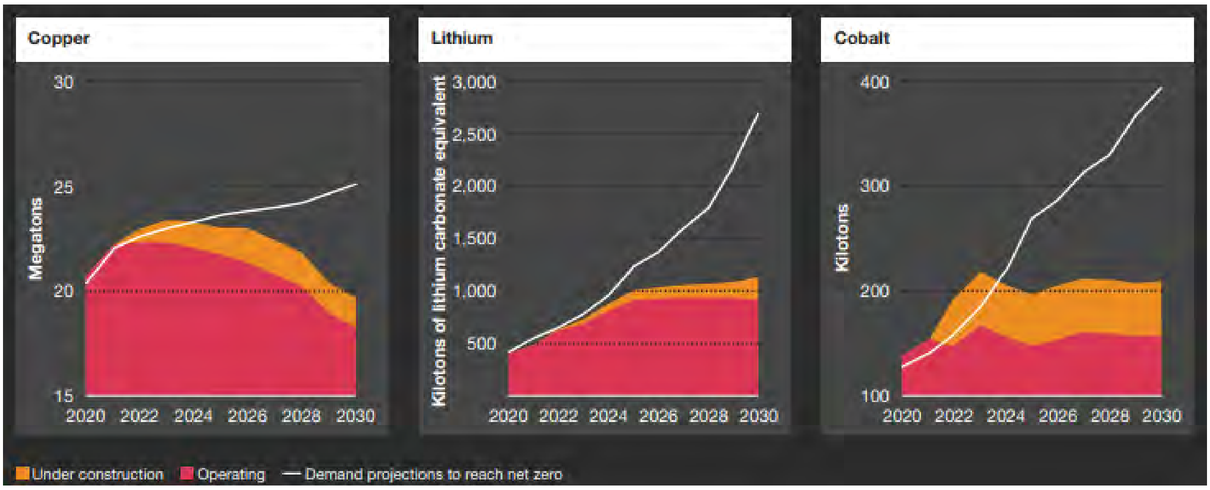


Figure 24. Committed mine production and primary demand (2020-30) (Source: PwC Mine 2022, adapted from IEA)

Demand for key minerals such as Lithium, Cobalt, and Nickel is expected to growsignificantly between 2020 and 2030, and in response to such demand growth, mining companies are also expected to increase their capital expenditures globally.

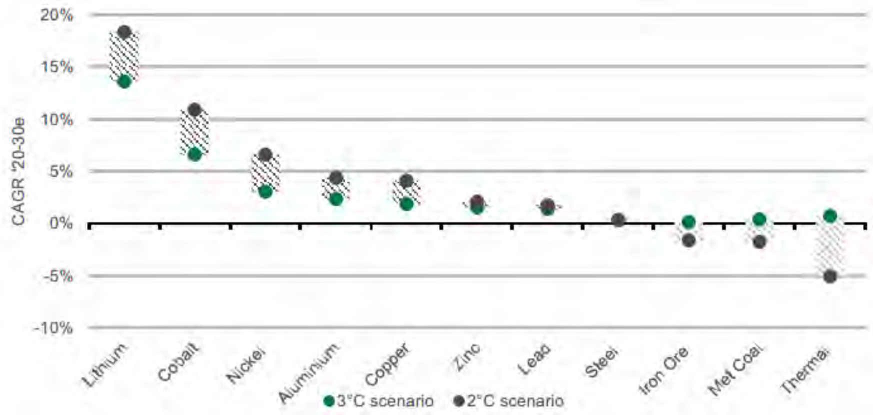


Figure 25. Mined commodities market demand (Source: Wood Mackenzie)

Source: Wood Mackenzie

In fact, in its Global Mine 2022 report, Wood Mackenzie highlights that the largest 40 mining companies in the world have already expanded their capital expenditures (as declared by the aforementioned companies in their respective annual reports) from $48 Billion in 2017 to $72 billion in 2021. This figure is expected to increase to ~$82 billion in 2022, and could grow even more along with demand increases. .

Figure 26. Top 40 capital investments (US$bn) (Source: PwC Mine 2022)

In this context, HMH management expects to see yearly sales growth for its slurry pumps, either in par or faster than market growth. New regulations for global tailings management standards where dewatering of slurry is a must, may further generate incremental demand for the type of heavy-duty slurry pumps that HMH produces, as higher discharge pressure pumps may be required to handle the transport of more concentrated fluids.

Offshore and onshore wind
HMH aims to leverage its competence and experience within the drilling rig market to expand its offerings in the onshore and offshore wind market.

The market for onshore and offshore wind had a total installed capacity of ~733GW in 2020, ~698GW of which was onshore. In total, this accounted for only ~1.3% of total primary energy supply (source energy), together with solar. By 2030, BNEF's "green scenario" entails wind accounting for ~15% of primary energy supply. Of this supply, offshore wind is expected to constitute around 20% and to grow from ~35GW in installed capacity today towards 240GW by 2030, as seen in the chart below.

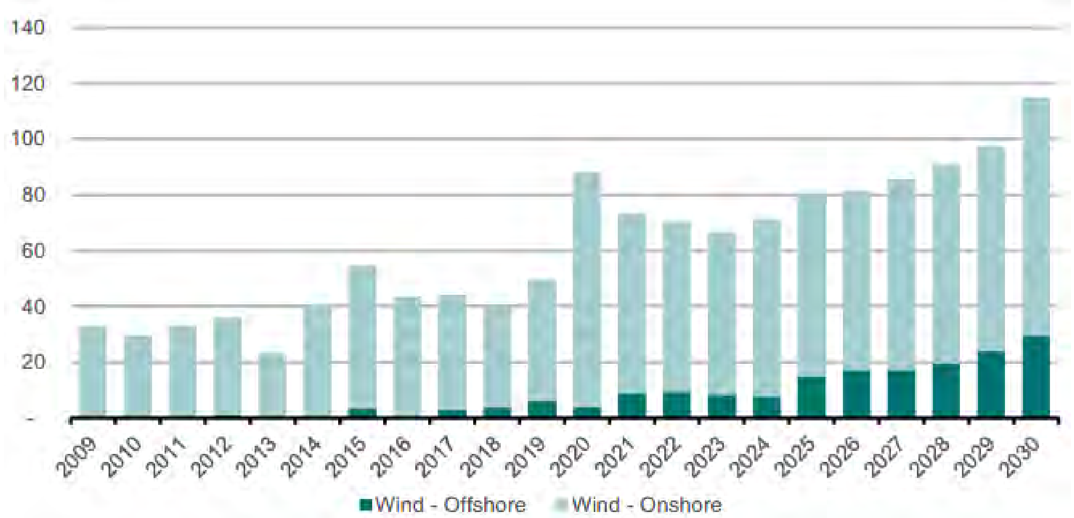


Figure 27. Annual additions of offshore and onshore wind (GW) (Source: BNEF)

In our view, there are several elements required for the wind industry to provide this share of the primary energy mix, such as efficient deployment of technology to lower the Levelised Cost of Electricity (LCOE). Moreover, equipment and service providers expanding offerings to the wind industry play an important role in knowledge sharing, through the deployment of technological solutions developed for the offshore oil and gas industry. This is an important contribution to the wind industry maturing more quickly as well as lowering the capital expenditure portion of the LCOE. Furthermore, we see the cross-disciplinary potential as an opportunity for equipment and service providers like HMH to expand their revenue base and provide a source of end-market diversification.

7 Organisational structure

7.1 Description of Issuer

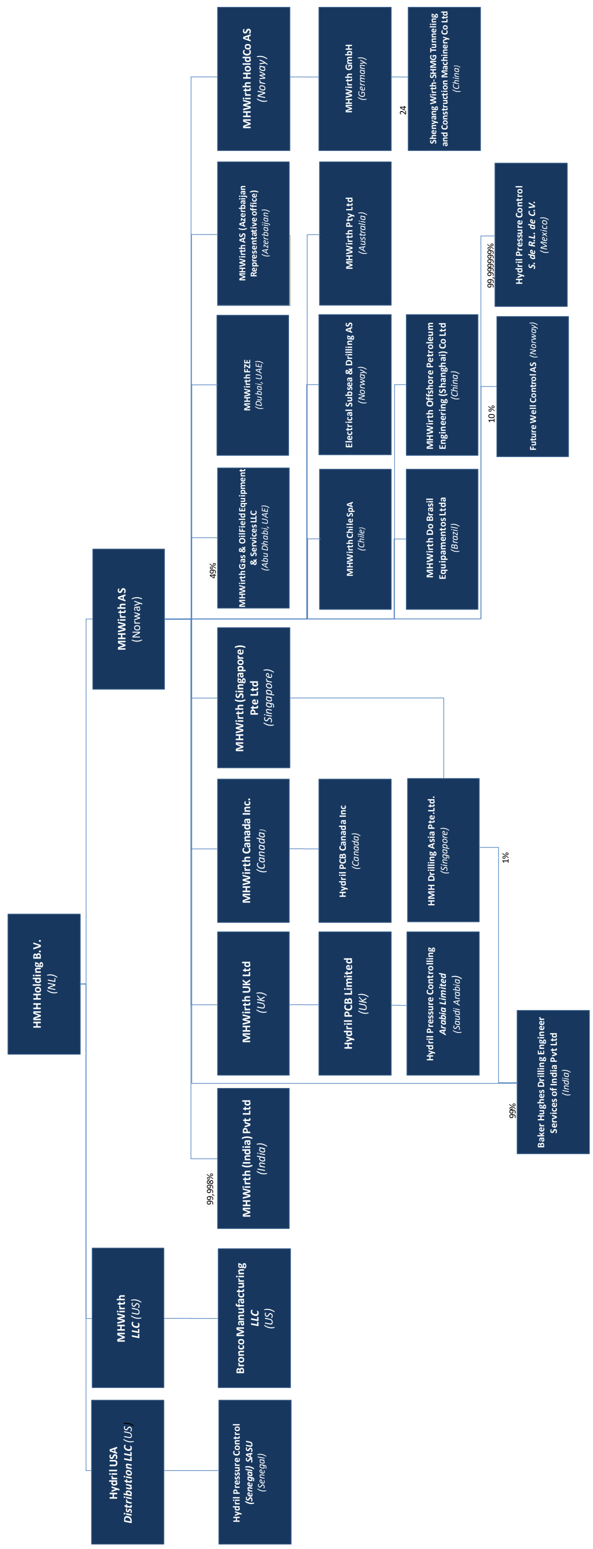
HMH Holding B.V. is a limited liability company, incorporated and domiciled in the Netherlands. HMH Holding B.V. is the parent company of the Group.

HMH Holding B.V. was incorporated April 28, 2021. The merger of Akastor ASA's wholly-owned subsidiary MHWirth and Baker Hughes' Subsea Drilling Systems (SDS) unit was completed October 1 2021. Following the merger, Akastor and Baker Hughes hold equal ownership in HMH Holding B.V..

The Company is headquartered in Amsterdam, Netherlands. HMH has ~2,100 employees globally, with operations across Europe, North America, Latin America, the Middle East, and Africa.

MHWirth AS sold 100% of the shares in Frontica Engineering AS to Aker Solutions AS June 30, 2022. At the closing Frontica Engineering AS had ~50 emplpoyees. The shares in Frontica Engineering AS were sold for ~ USD 2,3 million. On August 24 2022 MHWirth AS increased it's ownership in Electrical Subsea & Drilling AS from 20% to 100%. The company specializes in electric controls and actuator technology for BOP operation. The shares were purchased for USD 3,5 million.

Organizational structure



7.2 Dependence upon other entities

The Company receives interest from loans provided to its subsidiaries, as well as income from investments in its subsidiaries. Therefore, the Company is dependent on the results of the operations of the Company's subsidiaries.

The Guarantors receive funding and performance guarantees from the Company. Therefore, the Guarantors are dependent on the results of the operations of their parent company.

8 Trend information

8.1 Prospects and financial performance

There has been no material adverse change in the prospects of the Issuer or the Guarantors since the date of its last published audited financial statements.

There has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Base Prospectus.

8.2 Known trends, uncertainties, demands, commitments or events

The Group continues to view the market with optimism, especially in light of the recent development in oil and gas prices, along with the need for stable market suppliers of energy. Solutions for the oil and gas industry continues to stand for the majority of the Group’s revenue. At the same time, it acknowledges the increased focus on green energy sources, and believe it is well positioned to take advantage of suitable opportunities that should arise. For an overview of market trends that are reasonably likely to have a material effect on the issuer’s prospect for at least the current financial year, please also refer to Section 6 “Business overview”.

9 Administrative, management and supervisory bodies

9.1 Information about persons

For the members of the Board of Directors and the Management of the Company and the Guarantors the description below sets out the names, business address and functions within the Issuer and the Guarantors, and gives an indication of the principal activities performed by them outside the Issuer and the Guarantors where these are significant with respect to the Issuer or the Guarantor.

The business address of the Board of Directors and the Management of the Company and the Guarantors can be seen in clause 5.4.

9.1.1 HMH Holding B.V.

Board of Directors

Name	Position
Merril A. «Pete» Miller Jr.	Chairman
Kristian Monsen Røkke	Board member
Neil Saunders	Board member
Larry Brian Worrell	Board member
Karl Erik Kjelstad	Board member

Merril A. «Pete» Miller Jr.
Mr. Miller has more than 40 years of experience from the oil service industry. Previously, Mr Miller served as President and CEO of National Oilwell Varco 2001-2014.

Other previous experience includes:
- Chairman of RIG from 2015 to 2020
- Chairman of MHWirth 2019-2021
- 15 years at Helmerich & Payne International Drilling Company in various senior management positions
- Degree in Applied Science and Engineering from U. S. Military Academy at West Point in 1972
- MBA from Harvard Business School in 1980

Kristian Monsen Røkke
Mr. Røkke has experience from investment management, offshore services, and shipbuilding in several companies in the Aker group. Prior to assuming his current position as Chief Executive Officer of Aker Horizons ASA, Mr. Røkke served as Chief Investment Officer of Aker. Before that, he was CEO of Akastor ASA, a publicly listed oil service investment company, and spent several years in various operational and executive roles at Philly Shipyard. He has an MBA from The Wharton School of the University of Pennsylvania.

Neil Saunders
Mr. Saunders is Executive Vice President, Oilfield Equipment of Baker Hughes. Saunders has more than 25 years of experience in the upstream oil and gas industry. He previously served as President & CEO, Subsea Systems & Drilling for GE Oil & Gas, where he was responsible for all product lines, systems, and global operations of the Subsea Systems & Drilling business unit. Prior to that, he was the Senior Vice President for Subsea Production Systems.

Saunders joined GE through the acquisition of Vetco Gray in 2007 as Regional Vice President for Europe, North Africa & Caspian, before being appointed Senior Vice President of the newly formed Global Services business, based in the US. He joined a predecessor of the Vetco Gray business in 1991 and held multiple technical and operational roles across the business in the UK and US.

Saunders is a Chartered Engineer and a Fellow of the Institute of Marine Engineering, Science and Technology. He earned a Master of Science degree in Subsea Engineering from Cranfield and Heriot-Watt Universities, and a Master of Business Administration from Henley Management College.

Larry Brian Worrell
Mr. Worrell is the Chief Financial Officer for Baker Hughes. With more than 30 years of experience as a financial executive, he most recently served as Vice President and Chief Financial Officer for GE Oil & Gas since January 2014. In December 2010, he assumed the role of Vice President, GE Corporate Financial Planning & Analysis.

Worrell was Vice President of the GE Corporate Audit Staff from January 2006 to December 2010, where he led a team of 750 people in ensuring financial statement integrity, controllership, compliance, and best practices throughout the company. He has worked on five continents and in multiple businesses throughout his career and has served on several Boards of Directors for companies and non-profits.

Worrell is a graduate of the University of North Carolina at Chapel Hill, with an honors degree in economics.

Karl Erik Kjelstad
Mr. Kjelstad is CEO of Akastor. He joined Akastor in 2014, he has been part of the Aker group since 1998 and has held numerous key positions including various CEO positions. Karl Erik has also held several board positions in different industries, including oil service, offshore drilling, offshore and merchant shipping, shipbuilding, IT services, real estate and construction industry. Karl Erik holds an MSc in Marine Engineering from the Norwegian University of Science and Technology (NTNU) and an AMP from Harvard Business School.

Management

Name	Position
Merril A. «Pete» Miller Jr.	Chief Executive Officer
Thomas “Tom” McGee	Chief Financial Officer
Dwight Rettig	Chief Administration Officer and General Counsel
Eirik Bergsvik	President Equipment and System Solution
Chuck Chauviere	President Pressure Control Systems

Merril A. «Pete» Miller Jr., see description under Board of Directors.

Thomas “Tom” McGee
Mr. McGee has more than 25 years of experience from the oil service, consulting and financial services industries. Previously, Mr. McGee served as Head of Corporate Development at National Oilwell Varco from 2006 – 2015.

Other previous experience includes:
- Office of the Chairman of MHWirth 2019-2021
- Prior experience includes Executive in Residence with Warburg Pincus (2016-2018), Boston Consulting Group, and Credit Suisse First Boston
- Degree in Economics from Vanderbilt University in 1995
- MBA from Wharton Business School at the University of Pennsylvania in 2001

Dwight Rettig
Mr. Rettig has more than 30 years of experience from the oil service industry and previously served as General Counsel and Executive VP at National Oilwell Varco.

Other previous experience includes:
- Office of the Chairman of MHWirth 2019-2021
- Assisted lead mgmt. buyout from US Steel & Armco Steel and later IPO
- Established NOV’s compliance department

Eirik Bergsvik
Mr. Bergsvik has more than 35 years of experience from the oil service industry and previously served the board of MHWirth from 2014 to 2017. Currently he helds the position of President Equipment and Systems Solutions at HMH. Mr. Bergsvik has a degree in Business & Administration from Molde University College and Electrical Engineering from Trondheim Marine Engineers School.

Other previous experience includes:
- Chief Executive Officer of Interwell AS, a leading supplier of down hole products for oil companies from 2011-2017
- Managing Director of National Oilwell Norway AS, a supplier of oilfield services and equipment to the oil and gas industry from 2006 to 2011

Chuck Chauviere
Mr. Chauviere is the President of HMH Pressure Control systems as of October 2021. Prior to that, the Vice President of Subsea Drilling Systems for Baker Hughes, a position he has served in from 2008 until the fall of 2021. Chuck joined Hydril in 1998 where he has held several global roles including, services, operations, projects, engineering, Vice President Pressure Control and finally that of CEO Hydril Pressure Control. Prior to joining Hydril, he was employed for 10 years with Cooper Cameron Corporation in the corporate quality team and finally as a Project Manager in the subsea business.

He currently serves on the Energy Workforce & Technology Council and the board of Hydril Pressure Control India. Chuck is a graduate of Texas A&M University with a BS of Industrial Engineering and attended the Stanford Executive Program.

Other previous experience includes:

- CEO/VP/Dir. Eng, Hydril Co., Houston, TX, USA, 1998-2008
- Subsea Proj. Mgmt., QA, Cameron, Houston. TX, USA, 1987-1998
- BS Industrial Engineering, Texas A&M University
- Stanford Executive Program

9.1.2 MHWirth AS

Board of Directors

Name	Position
Merril A. «Pete» Miller Jr.	Chairman
Eirik Bergsvik	Board member
Pål Skogerbø	Board member
Dag Arthur Stenevik	Board member
Arne Albrektsen	Board member
Asle Christian Halvorsen	Board member
Stian Sjølund	Board member

Merril A. «Pete» Miller Jr., see description under 9.1.1 HMH Holding B.V. Board of Directors.

Eirik Bergsvik, see description under 9.1.1 HMH Holding B.V. Management.

Pål Skogerbø
Mr. Skogerbø has more than 20 years of experience from the oil service industry and has served as CTO for MHWirth since 2019. Prior to that, Pål held several global roles within MHWirth and Aker Solutions. He joined Maritime Hydraulics in 1999.

Other previous experience includes:

- Member of the board Mechatronic Innovation Lab (MIL), a national center for innovation, piloting and technology qualification, 2021 - 2022
- BSc in Mechatronic from UiA (1995) in and MSc in Process Automation from HiT (1997)

Dag Arthur Stenevik
Mr. Stenevik has more than 25 years of experience from the oil service, consulting and financial services industries. Currently he serves as CFO at MHWirth AS. Previously, Mr. Stenevik served in various CFO positions in Cameron/Schlumberger from 2006 to 2018.

Other previous experience includes:

- Manager in KPMG Audits 1998 – 2001
- CFO in Alloc Flooring 2001 – 2006.
- Certified Chartered Accountant and Master in Accounting from Norwegian School of Economics
- Bachelor Degree in Engineering from University of Agder

Arne Albrektsen
Mr. Albrektsen has more than 13 years experience from serveral HMH companies, and currently holds the position as Project Manager. Mr. Albrektsen has been on the board of MHWirth AS since 2013.

Other previous experience includes:

- Board Member of MHWirth AS (earlier Aker MH) since 2013
- Structural Design engineer with Aker MH / Aker Solutions from 2009-2013
- MSc in Engineering from NTNU in 2009

Asle Christian Halvorsen
Mr. Halvorsen currently works as Sales Manager at HMH and has more than 10 years of experience in the oil and gas industry. He started his career as an Engineer in the Mud Products deptartment at HMH.

Other experience includes:
- Director on the board of Akastor ASA 2017-2023
- Director on the board of MHWirth AS 2021-2023
- Executive Master of Management from BI in 2022
- BSc in mechanical engineering from Sør-Trøndelag University College in 2011

Stian Sjølund
Mr. Sjolund has 24 years of experience from the oil service industry. He started as an engineer in Norcon Enginering before joining MHWirth AS in 2000. Mr Sjolund has held several positions within the company, and also spent a number of years abroad as lead in various projects. Current position in the company is Drilling analyst. He is a Board member at Akastor ASA and MhWirth AS. He also holds a position as a Group Union Convener for Akastor.

Other previous experience includes:
- Degree in engineering from Sørlandets Technical school
- 2 years of electrical engineering at Saint-Gobain

Management

Name	Position
Eirik Bergsvik	Chief Executive Officer
Dag Arthur Stenevik	Chief Financial Officer
Roy Dyrseth	Chief Commercial Officer
Jan Petter Knutsen	Senior Vice President
Pål Skogerbø	Chief Technology Officer
Torbjørn Rue	Vice President
Magne Hovland	Senior Vice President

Eirik Bergsvik, see description under 9.1.1 HMH Holding B.V. Management.

Dag Arthur Stenevik, see description under 9.1.2 MHWirth AS Board of Directors.

Roy Dyrseth
Mr. Dyrseth joined MHWirth in 2013 as CEO. Since February 2016 he has had a dual role, Executive Director in Akastor for drilling related business development and Chief Commercial Officer at MHWirth. Prior to joining Akastor Roy held various executive management positions National Oilwell Varco (NOV). Roy holds a BSc in Marine Technical Operations from Aalesund University College.

Jan Petter Knutsen
Mr Knutsen has 26 years experience from HMH and subsidiaries, and currently serves as Senior Vice President Global DLS (Drilling Lifecycle Services). Prior to this he held positions such as VP/SVP Region Europe, Global Overhaul Manager, Production/planning manager, Customer Service Center manager and Warehouse manager.

Other previous experience includes:
- Technical degree from Teknisk Fagskole
- Financial and administration degree from University of Agder

Pål Skogerbø, see description under 9.1.2 MHWirth AS Board of Directors.

Thorbjørn Rue
Mr. Torbjørn Rue has more than 20 years' experience gained on a wide range of multi discipline projects, whereas the last 15 years in MHWirth. Since he started in MHWirth he has held different Department manager positions within Procurement and Technical management. He has always been strongly involved in project execution and has several years of experience as Department and Project Manager for offshore projects, managing deliveries from the design phase through to Procurement, Construction and Commissioning.

Other previous experience includes:
- Master of Science from the University of Stavanger
- The Norwegian Military Academy

Magne Hovland
Mr. Hovland has more than 15 years of experience from the oil service and financial services industries. Previously, Mr. Hovland served in several VP positions within Operations and most recently as COO for MHWirth 2020 – 2022.

Other previous experience includes:

- Various Management positions at National Oilwell Varco
- Management position and JV assignment for Credigy Solutions Inc. (subsidiary of National Bank of Canada)
- MBA and BBA from Griffith University in 2001

9.1.3 Hydril USA Distribution LLC

Board of Directors

Name	Position
Chuck Chauviere	Board member
David Ewing Bratton	Board member
James Daniel Connelly	Board member

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

David Ewing Bratton
Mr. Bratton is the Chief Financial Officer of HMH Pressure Control Systems as of October 2021. Prior to that, he was the Chief Financial Officer of Subsea Drilling Systems for Baker Hughes, a position he has served in from 2020 until the fall of 2021. David joined Subsea Drilling Systems in 2017 where he has held the role of FP&A leader, responsible for segment financial and operational planning and reporting, cash flow planning and analysis and functional process improvement. Prior to joining Subsea Drilling Systems, he was employed for five years with General Electric in roles spanning across GE's industrial companies (GE Corporate, GE Aviation, GE Power) with GE's Financial Management Program and as an Audit Manager with GE's Corporate Audit Staff in which he led teams in both advisory and assurance assignments.

Other previous experience includes:

- Corporate Audit Staff, General Electric Company, Boston, MA, USA, 2014-2017
- Financial Management Program, GE Aviation, Cincinnati, OH USA, 2012-2014
- Bachelor of Business Administration (Finance), University of Notre Dame Notre Dame, IN

James Daniel Connelly
Mr. Connelly currently serves as General Counsel PCS and Senior Vice President at HMH. Dan sits on the leadership team and reports directly to the HMH General Counsel and President North America. Dan has responsibility for all legal issues related to the PCS businesses, including leading a team, negotiating customer contracts with private and state-owned energy companies, leading the legal team's response to issues concerning customers and third party agents, managing insurance and compliance, managing product safety, HSE and recall issues, communicating with industry regulators, managing litigation and intellectual property, supporting mergers & acquisitions, dealing with internal quality, managing outside counsel, and a wide variety of other issues that affect and impact HMH. Dan also currently serves as the New Zealand Honorary Consul General and Head of Post in the Houston, Texas Consulate with jurisdiction in Texas, Louisiana and Oklahoma.

Prior to accepting his current role, Dan served as Senior Counsel at Baker Hughes and is the lead commercial counsel in the North America region for the Oilfield Equipment portfolio of businesses servicing domestic and international oil & gas companies and operating across the globe, with a significant presence in North and South America, Asia and the Middle East. He was previously a Senior Associate with Vinson & Elkins LLP in the Beijing and Houston offices, and was Counsel with Wikborg Rein, a European law firm, in the Shanghai office, where his practice focused on international mergers & acquisitions and transactions related to the upstream energy industry. After law school, Dan served as a Federal Law Clerk for Chief Judge John H. Hannah, Jr., U.S. District Court, Eastern District of Texas (2002). Dan, a native of Texas, earned a Juris Doctor from South Texas College of Law in Houston, Texas, graduating Salutatorian in his class (2001). Dan graduated from the University of Texas at Austin with a Bachelor of Science in Communications (1992).

Management

Name	Position
Chuck Chauviere	President

Michael Denk	Vice President
David Ewing Bratton	Vice President, CFO & Treasurer
Steven Brooks	Vice President & assistant Treasurer
Kevin Joyce	Vice President
Oscar Rodriguez	Vice President
Matt Mosely	Vice President
Kristen Culver	Vice President
James Daniel Connelly	Vice President & Secretary
Sue Gregory	Assistant Secretary

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

Michael Denk
Mr. Denk has more than 15 years of engineering, product development, and managerial experience in the oil field equipment and services industry. Previously, Mr. Denk served as the Global Director of Engineering at Baker Hughes Subsea Drilling Systems from 2020-2021.

Other previous experience includes:
- Director and board member of Baker Hughes Drilling Engineering Services of India, 2020-Current
- Prior experience at GE Oil & Gas and Baker Hughes includes Engineering Subsection Manager (2012-2017), Blow Out Preventer Senior/Principal Engineer (2017-2020)
- Master of Science in Mechanical Engineering from the Georgia Institute of Technology in 2011
- Bachelor of Science in Mechanical Engineering from Marquette University in 2008

David Ewing Bratton, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

Steven Brooks
Mr. Brooks has more than 9 years of experience in the energy sector, currently serving as Director of Financial Planning and Analysis (FP&A) for HMH leading all aspects of financial planning.

Other previous experience includes:
- Various finance roles within the former Oil & Gas division of General Electric that merged with Baker Hughes
- MBA from Cameron School of Business at the University of St. Thomas in 2013

Kevin Joyce
Mr. Joyce has more than 25 years of operations, manufacturing, and supply chain experiences, most notably in the Oil and Gas industry and Energy sector for Power Plant Equipment, Operations and Services. Mr. Joyce has held several strategic and operational assignments and most recently as the Executive Director of Global Manufacturing and Supply Chain for Baker Hughes from 2012-2021.

Other Previous experiences:
- (BS) Norwich University – (Military College of Vermont), (MBA) Regis University, Postgraduate Executive Program - Massachusetts Institute of Technology (MIT) – Strategy, Operations and Technology
- General Electric Company Chairman's Award (2014/2017)
- Frost and Sullivan Award (2014) – Manufacturing Leadership – ESP Supply Chain
- Supply Chain Committee for the Energy Workforce & Technology Council
- Captain United States Army – Operations Officer

Oscar Rodriguez
Mr. Rodriguez has 20 years of experience from the oil service, and manufacturing industry. Mr Rodriguez developed his Oilfield career in South America, India, China, USA GOM, UAE. He served in different technical, operational and leadership positions for Schlumberger from 2003 – 2014. He served as Director for Projects and Services in Baker Hughes 2018-2021.

Other previous experience includes:
- Global Field Services Leader, GE Oil and Gas 2014-2018
- NAM Gulf of Mexico head of operations for downhole tools, Schlumberger 2010-2014
- Degree in Chemical Engineering, Western University, Venezuela 2002.

Matt Mosely
Mr. Mosley has more than 24 years of experience in the oil & gas industry having held various leadership positions throughout his 20 year tenure with Hydril Company, Tenaris, GE Oil & Gas, Baker Hughes and now HMH.

Previous experience includes:
- Regional Sales Leader - Europe, West Africa and CIS – Hydril PCB Ltd. – Aberdeen, UK
- Regional Sales Leader- The Americas – GE Oil & Gas – Houston, Texas
- Key Account Director – GE Oil & Gas/Baker Hughes
- BBA Degree from Texas A&M University in 1995
- Rice University, Jones Graduate School of Business - Advanced Management Program in 2006

Kristen Culver
Mrs. Culver has more than 15 years of experience from the oil service industry and previously served as a global human resources executive for Baker Hughes since 2015.

Other previous experience includes:
- Various HR leadership roles at Baker Hughes since joining in 2007
- Master of Science in Human Resource Management from Texas A&M University
- Bachelor of Business Administration from Baylor University

James Daniel Connelly, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

Sue Gregory
Mrs. Gregory has served as Contract Manager for the Pressure Control Systems ("PCS") business since 2014. Mrs. Gregory has over 35 years of experience in commercial proposal development, contract management, and corporate secretarial services. Previously, she served from 1985 to 2014 in various commercial, marketing and legal management roles for Synagro Technologies, a water and wastewater residuals recycling company. Ms. Gregory has a certificate in Office Management from Woodridge Business Institute and a certificate in Paralegal Studies from Houston Community College.

9.1.4 Hydril PCB Limited

Board of Directors

Name	Position
Chuck Chauviere	Board member
David Ewing Bratton	Board member
James Daniel Connelly	Board member

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

James Dan Connelly, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

David Ewing Bratton, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

Management

Name	Position
Chuck Chauviere	Director
David Ewing Bratton	Director
James Daniel Connelly	Director

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

David Ewing Bratton, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

James Dan Connelly, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

9.1.5 HMH Drilling Asia Pte Ltd

Board of Directors

Name	Position
Chuck Chauviere	Board member
David Ewing Bratton	Board member
James Daniel Connelly	Board member
Mirji Dhananjay Pandurang	Board member

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

David Ewing Bratton, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

James Dan Connelly, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

Mirji Dhananjay Pandurang
Mr. Pandurang has more than 24 years of experience from the Oil & Gas, Refinery and Power industry working with ABB, EMERSON, General Electric and BHGE.

Other previous experience includes:
- Commercial operation leader for Optimization & Control business in Asia-Pacific region, GE
- Regional Director for Drilling Business in Asia-Pacific & India, BHGE
- Several leadership roles with functional and regional experience including field service, application engineering, commercial, operations, projects & services
- Degree in Instrumentation & Controls from Pune University, India in 1996

Management

Name	Position
Chuck Chauviere	Director
David Ewing Bratton	Director
James Daniel Connelly	Director
Mirji Dhananjay Pandurang	Director

Chuck Chauviere, see description under 9.1.1 HMH Holding B.V. Management.

David Ewing Bratton, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

James Dan Connelly, see description under 9.1.3 Hydril USA Distribution LLC Board of Directors.

Mirji Dhananjay Pandurang, see description under 9.1.5 HMH Drilling Asia Pte Ltd Board of Directors.

9.1.6 MHWirth GmbH

Board of Directors

Name	Position
Eirik Bergsvik	Chairman
Ellen Jacobs	Vice Chairman of the Board
Edeltraut Theißen	Board member
Dag Arthur Stenevik	Board member

Eirik Bergsvik, see description under 9.1.1 HMH Holding B.V. Management.

Ellen Jacobs

Mrs. Jacobs has 30 years of experience from HMH Erkelenz. During this period she has held various positions, such as assistant and project manager roles. Currently, she serves as Chairman of the Work Council, is a member of the Supervisory Board at MHWirth GmbH and member of the Global Work Counsil.

Edeltraut Theißen
Mrs. Theißen has more than 30 years of experience from MHWirth GmbH. Previously she has worked within the spareparts sales team. Currently, she is a member of the Work Council, and a member of the Supervisory Board at MHWirth GmbH.

Dag Arthur Stenevik, see description under 9.1.2 MHWirth AS Board of Directors.

Management

Name	Position
Joachim Schlebusch	Managing Director
Andreas Escher	Director
Dirk Lindenlauf	Director
Thomas Cossmann	Senior Manager

Joachim Schlebusch
Mr Joachim Schlebusch has 20 years of experience from the oil and gas industry, as well as other international industrial experience (construction machines etc.) working in various positions, such as:

- Head of Finance and Controlling
- Board Member of MHWirth GmbH (2019 -2022)
- CFO /CAO (with responsibility for HR, Legal, IT/IS, and Finance/ Controlling and Risk Management)
- Current Position: Managing Director of MHWirth GmbH

Other previous experience includes:

- Diploma from FOM University of Applied Sciences for Economics and Management, Essen, Germany, in 2009 (Mergers and Acquisitions: The Integration as an Essential Part of a Successful Merger)
- International Study: Diploma from Avans Hogeschool in Breda, North Brabant, Netherlands (International Management)

Dag Arthur Stenevik, see description under 9.1.2 MHWirth AS Board of Directors.

Andreas Escher
Mr. Escher has 18 years of experience from the oil and gas industry, working in various technical positions, such as;

- Senior Manager Production (MHWirth GmbH, 2019-2021)
- Manager Manufacturing (MHWirth GmbH, 2016-2018)
- Head of Industrial Engineering (MHWirth GmbH, 2010-2015)

Dirk Lindenlauf
Mr. Lindenlauf has more than 20 years of experience in the after sales market of HMH Erkelenz Equipment, whereof 11 years in a leading position. Previously, Mr. Lindenlauf served as a service engineer at LS Mechanik GmbH from 1994 – 2000.

Other previous experience includes:

- Degree in state certified mechanical engineer from University of applied sciences Geilenkirchen
- Degree in state certified environmental engineer from European Akademie Cologne

Thomas Cossmann
Mr. Cossmann has more than 10 years of experience in project management, the oil and gas industry, and the product line of HMH Erkelenz.
During this period he has held various positions, such as:

- Senior Manager Project Management & SCM (MHWirth GmbH, 2022-now)
- Delivery Manager Mud Pumps & Slurry Pumps (MHWirth GmbH, 2016-2022)
- Project Manager Oilfield & Pumps (MHWirth GmbH, 2014-2016)
- Project Manager Mining & Construction (MHWirth GmbH, 2012-2014)

Other previous experience includes:

- Diploma in Industrial Engineering, Technical University RWTH Aachen, 2012

9.1.7 MHWirth FZE

Board of Directors

Name	Position
Eirik Bergsvik	Chairman
Walid Galal Kotb Mohamed	Board member
Muhamed Shanavaz Kokath	Board member

Eirik Bergsvik, see description under 9.1.1 HMH Holding B.V. Management.

Walid Galal Kotb Mohamed
Mr. Mohamed has more than 18 years of experience from the oil and gas industry, equipment and drilling optimization services. Previously, he served as Regional Sales Manager for MEA at National Oilwell Varco from 2012 – 2014 for the Instrumentation, Monitoring and Optimization Division.

Other previous experience includes:
- Senior Sales manager MENA region of MHWirth 2014-2022
- Prior experience includes Operations and Sales Director in Wildcat Oil Services 2006 – 2011 and Senior Equipment Mechanical Engineer in Egyptian Drilling Company 2003 -2006
- Degree in Mechanical Engineering from Ain Shams University in 2002

Muhamed Shanavaz Kokath
Mr. Kokath has more than 13 years of experience in the oil & gas industry, focusing on financial planning and forecasting activities with business partners to achieve business and company goals. He also has experience in monitoring financial details to ensure legal compliance.

Other previous experience includes:
- Prior experience includes working with oil and gas companies like Seadrill and Baker Hughes
- Working with American multinational technology and consulting corporation - IBM
- Bachelor Degree in Commerce from University of Calicut in 2005
- MBA in Finance from Christ College at the Pondicherry University in 2008

Management

Name	Position
Rakan Al Safi	General Manager
Walid Galal Kotb Mohamed	Senior Manager

Rakan Al Safi
Mr. Al Saifi has more than 13 years of experience in the oil and gas industry. His main responsibilities have been strategy development, and leading cross-functional teams to bring about fundamental change, and process and profitability improvements. He holds the position of General Manager of MHWirth FZE.

Other previous experience includes:
- Bachelor’s Degree in Mechanical Engineering from The University of Manchester
- Master’s Degree in Maintenance Engineering & Asset Management
- Worked previously with a Drilling Contractor locally, and held several placements in International Organization in the UK

Walid Dalal Kotb Mohamed, see description under 9.1.7 MHWirth FZE Board of Directors.

9.1.8 MHWirth Do Brasil Equipamentos Ltda.

Board of Directors

There is no legal requirement to constitute a Board of Directors in a Brazilian limited liability company. Trond Fiskum acts as the sole managing director, with the powers to represent the company. Certain resolutions are subject to shareholders approval.

Management

Name	Position
Trond Fiskum	VP and Managing Director

Trond Fiskum
Mr. Fiskum has been responsible for HMH in Brazil, previously MHWirth, since 2015. He has 17 years of experience from international leadership positions in the automotive and oil & gas industry and as management consultant at McKinsey & Co.

Other previous experience includes:
- Management consultant at McKinsey & Co 1999-2002
- Executive management positions in Kongsberg Automotive 2010-2015
- MSc in Marine Technology from Norwegian University of Science and Technology in 1998
- MBA from ESADE, Barcelona, in 2005

9.2 Administrative, management and supervisory bodies conflicts of interest

There are no potential conflicts of interest between any duties to the Issuer or the Guarantors of the persons referred to in item 9.1 and their private interests and/or other duties.

10 Major shareholders

10.1 Ownership

HMH Holding B.V.
The share capital of HMH Holding B.V. is EUR 200 divided into 200 shares at a nominal value of EUR 1.00 each.

The Company is owned by Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%). Akastor ASA fully owns Akastor AS and Mercury HoldCo Inc. According to the shareholders' agreement between Baker Hughes and Akastor, the shareholders have joint control of HMH Holding BV and its subsidiaries. The Company has two classes of shares, class A and class B shares.

MHWirth AS
The share capital of MHWirth AS is NOK 100,200,004 divided into 100,200,004 shares at a nominal value of NOK 1.00 each.

The company is wholly owned by HMH Holding B.V. MHWirth AS has only one class of shares.

Hydril USA Distribution LLC
This entity does not have shares.

The company is wholly owned by HMH Holding B.V.

Hydril PCB Limited
The share capital of Hydril PCB Limited is GBP 6,057,550 divided into 6,057,550 shares at a nominal value of GBP 1.00 each.

The company is wholly owned by HMH Holding B.V. through MHWirth UK Ltd, a subsidiary of MHWirth AS. Hydril PCB Limited has only one class of shares.

HMH Drilling Asia Pte Ltd
The share capital of HMH Drilling Asia Pte Ltd is USD 8,310,992 divided into 8,310,992 shares at a nominal value of USD 1.00 each.

The company is wholly owned by HMH Holding B.V. mainly through MHWirth (Singapore) Pte Ltd., a subsidiary of MHWirth AS. HMH Drilling Asia Pte Ltd has only one class of shares.

MHWirth GmbH
The share capital of MHWirth GmbH is EUR 9,328,700 divided into 13 shares, from number 1 to 13 with the following nominal value each:
Share number 1: EUR 1,718,648
Share number 2: EUR 335,512
Share number 3-6: EUR 342,360 each
Share number 7: EUR 622,856
Share number 8: EUR 121,594
Share number 9-12: EUR 124,075 each
Share number 13: EUR 4,664,350

The company is wholly owned by HMH Holding B.V. through MHWirth Holdco AS, a subsidiary of MHWirth AS.

MHWirth FZE
The share capital of MHWirth FZE is AED 10,000,000 divided into 10 shares at a nominal value of AED 1,000,000.00 each.

The company is wholly owned by HMH Holding B.V through MHWirth AS. MHWirth FZE has only one class of shares.

MHWirth Do Brasil Equipamentos Ltda.
The share capital of MHWirth Do Brasil Equipamentos Ltda. is BRL 10,000 divided into 10,000 shares at a nominal value of BRL 1.00 each.

The company is wholly owned by HMH Holding B.V through MHWirth AS. MHWirth Do Brasil Equipamentos Ltda. has only one class of shares.

10.2 Change of control of the company

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

11 Financial information concerning the Company's and the Guarantors' assets and liabilities, financial position and profits and losses

11.1 Historical Financial Information

HMH Holding B.V.
The HMH group was established with effect from October 1, 2021, through the parent company's acquisition of all shares in MHWirth AS from Akastor ASA and the Subsea Drilling System business from Baker Hughes. These transactions have been accounted for as a business combination under IFRS 3, hence profit and loss items in the former MHWirth AS and Subsea Drilling System business have been incorporated in the special purpose financial statements from October 1, 2021. HMH Holding's special purpose consolidated financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), as of December 31, 2021. These special purpose consolidated financial statements do not include comparative financial information. The Group's accounting policies are shown in the Annual Financial Statements 2021, Section 1.1.

HMH Holding B.V.' consolidated financial statements 2021 is attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements
	2021
	Page(s)
HMH Holding B.V. Consolidated	
Consolidated income statement	3
Consolidated statement of financial position	4
Consolidated statement of cash flow	5
Notes to the consolidated financial statements	7-41

The unaudited Interim condensed financial information as of June 30 2022 for HMH Holding B.V. including subsidiaries is attached as Annex 2 (this interim financial information is not prepared in accordance with IAS34).

MHWirth AS
MHWirth AS' financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway.

The company's accounting policies are shown in MHWirth AS' restated* annual accounts 2021 note 1.
The MHWirth AS annual accounts 2020 and MHWirth AS restated annual accounts 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements	
	2021	2020
MHWirth AS		
Profit and loss statement	3	3
Balance sheet	4-5	4-5
Cash flow statement	7	7
Notes to the accounts	8-23	8-27

*The cash flow statement has been adjusted to reflect actual cash flow transactions. Thus, transactions with no cash flow effect have been removed. The adjustments are mainly explained by removal of group transactions (group contribution and dividends) which had no cash effect. The adjustments also implied a change in the allocation between cash flow from operations, investment activities and financing activities. The comparative figures for 2020 are changed accordingly.

Hydril USA Distribution LLC
Hydril USA Distribution LLC's financial statements 2021 and 2020 have been prepared in accordance with US GAAP.

The company's accounting policies are shown in Hydril USA Distribution LLC' financial statements 2021 and 2020 note 1.

The Hydril USA Distribution LLC Financial Statements December 31, 2021 and 2020 is attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements	
	2021	2020
Hydril USA Distribution LLC		
Statement of profit and loss	3	3
Statement of financial position	4	4
Statement of cashflow	5	5
Notes to the accounts	7-17	7-17

Hydril PCB Limited

Hydril PCB Limited's annual financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101') and the Companies Act 2006. In preparing the financial statements, the company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with Companies Act 2006 and FRS 101 disclosure exemptions.

The company's accounting policies are shown in Hydril PCB Ltd. annual report and financial statements for the year ended 31 December 2021, note 2.

The Hydril PCB Ltd. annual report and financial statements for the year ended 31 December 2020 and the annual report and financial statements for the year ended 31 December 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements	
	2021	2020
Hydril PCB Limited		
Profit and loss account	12	15
Balance sheet	13	16
Statement of cashflow	15	NA*
Notes to the accounts	16-31	18-32

*Cashflow is prepared for 2021 including comparable numbers for 2020

HMH Drilling Asia Pte Ltd.

HMH Drilling Asia Pte Ltd.'s financial statements have been prepared in accordance with the provisions of the Companies Act 1967 ('the Act'), Singapore Financial Reporting Standards (International, "SFRS(I)s") and International Financial Reporting Standards.

The company's accounting policies are shown in HMH Drilling Asia Pte Ltd. annual report year ended 31 December 2021, note 2.

The HMH Drilling Asia Pte. Ltd. annual report year ended 31 December 2020 and the HMH Drilling Asia Pte. Ltd. annual report year ended 31 December 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements	
	2021	2020
HMH Drilling Asia Pte Ltd.		
Statement of profit and loss	8	8
Statement of financial position	7	7
Statement of cashflow	10	10
Notes to the accounts	11-39	11-32

MHWirth GmbH
MHWirth GmbH’s financial statements have been prepared in accordance with the provisions on accounting set out in the German Commercial Code and in the German Limited Liability Companies Act [GmbHG]. The company's accounting policies are shown in MHWirth GmbH annual financial statements as at 31 December 2021 pages 9-10.

The MHWirth GmbH annual financial statements as at 31 December 2020 and the MHWith GmbH annual financial statements at 31 December 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements**	
	2021	2020
MHWirth GmbH		
Statement of income	5	5
Balance sheet	3	3
Statement of cashflow	NA*	NA*
Notes to the accounts	7-21	7-21

*Cashflow is not required according to accounting principle used
** Refers to English translation of the audited Financial Statement

MHWirth FZE
MHWirth FZE’s financial statements have been prepared in accordance with International Financial Reporting Standards and in accordance with The Jebel Ali Free Zone Companies Implementing Regulations 2016.

The company's accounting policies are shown in MHWirth FZE financial statements 31 December 2021, page 9, note 3.

The MHWirth FZE financial statements 31 December 2020 and the MHWirth FZE financial statements 31 December 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements	
	2021	2020
MHWirth FZE		
Statement of profit and loss	4	4
Statement of financial position	5	5
Statement of cashflows	6	6
Notes	8-30	8-32

MHWirth Do Brasil Equipamentos Ltda.
MHWirth Do Brasil Equipamentos Ltda.’s financial statements have been prepared in accordance with Brazilian Corporate Legislation, the Pronouncements, Orientations, and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and the accounting standards issued by the Brazilian Federal Accounting Council (CFC) (Brazil GAAP). In preparing these financial statements, the company applies the recognition, measurement requirements of International Financial Reporting Standards. Disclosure requirements according to Brazil GAAP are in some area less detailed. Majority of details excluded according to Brazil GAAP is not relevant for this entity.

The company's accounting policies are shown in note 2 page 12 in the MHWirth Do Brasil Equipamentos Ltda. financial statements as at December 31, 2021.

The MHWirth Do Brasil Equipamentos financial statements as at December 31, 2020 and the MHWirth Do Brasil Equipamentos financial statements as at December 31, 2021 are attached as annex 2. Historical financial information is available on the pages shown below.

	Annual Financial Statements*	
	2021	2020
MHWirth Do Brasil Equipamentos Ltda.		
Statement of profit and loss	7	7
Statement of financial position	6	6
Statement of cashflow	10	10
Notes to the accounts	11-30	11-29

*Refers to English translation of the audited Financial Statement

11.2 Auditing of historical annual financial information

11.2.1 Statement of audited historical financial information

HMH Holding B.V.
The audit has been conducted in accordance with International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the special purpose annual financial statements 2021, page 42-43.

MHWirth AS
The audit has been conducted in accordance with laws, regulations, and auditing standards and practises generally accepted in Norway, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the restated annual accounts 2021, pages 34-35 and the MHWirth Independent auditor's report 2020, pages 1-3.

Hydril USA Distribution LLC
The audit has been conducted in accordance with laws, regulations, and auditing standards and practises generally accepted in Delaware, US, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the annual financial statements 2021 and 2022, page 1-2.

Hydril PCB Limited
The audit has been conducted in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

A statement of audited historical financial information is given in the annual report and financial statements 2021, pages 7-11 and Hydril PCB annual report and financial statements 2020, pages 10-14.

HMH Drilling Asia Pte Ltd
The audit has been conducted in accordance with laws, regulations, and auditing standards and practises generally accepted in Singapore, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the annual report 2021, pages 4-6 and annual report 2020, pages 4-6.

MHWirth GmbH
The audit has been conducted in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germay) (IDW).

A statement of audited historical financial information is given in the MHWirth GmbH annual financial statement 2021, pages 37-40 and MHWirth GmbH annual financial statements 2020, pages 35-38.

MHWirth FZE
The audit has been conducted in accordance with International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the MHWirth FZE financial statements 2021, pages 3-5 and MHWirth financial statements 2020, pages 3-5.

MHWirth Do Brasil Equipamentos Ltda.
The audit has been conducted in accordance with laws, regulations, and auditing standards and practises generally accepted in Brazil, including International Standards on Auditing (ISAs).

A statement of audited historical financial information is given in the MHWirth Do Brasil Equipamentos financial statements 2021, pages 3-4 and MHWirth Do Brasil Equipamentos financial statements 2020, pages 3-4.

11.2.2 Other audited information
No other information in this Base Prospectus has been audited.

11.3 Age of latest financial information

11.3.1 Last year of audited financial information
The last year of audited financial information is 2021 for both the Issuer and the Guarantors.

11.4 Legal and arbitration proceedings
There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer or the guarantors are aware), during a period covering at least the previous 12 months which may have or have had in the recent past significant effects on the issuer and/or group’s financial position or profitability.

11.5 Significant change in the Company’s or the Guarantors’ financial position
There has been no material adverse change in the prospects of the Issuer or the Guarantors since the date of their last published audited financial statements.

There has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Base Prospectus.

12 Documents available

The following documents (or copies thereof) may be inspected for the life of the Base Prospectus at the headquarters of the Company, Weerdestein 97, 1083 GG Amsterdam, The Netherlands, or at https://www.hmhw.com:

(a) the up-to-date memorandum and articles of association of the Company;

(b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in the Base Prospectus.

13 Financial instruments that can be issued under the Base Prospectus

The Base Prospectus, as approved in accordance with the EU Prospectus Regulation 2017/1129, allows for Bonds to be offered to the public or admitted to trading on a regulated market situated or operating within any EEA country.

This chapter describes the form, type, definitions, general terms and conditions, return and redemption mechanisms, rating and template for Final Terms associated with the Bonds.

Risk factors related to the Bonds are described in Chapter 1 Risk Factors.

13.1 Securities Form

A Bond is a financial instrument as defined in the Norwegian Securities Trading Act (Verdipapirhandelloven) § 2-2.

The Bonds are electronically registered in book-entry form with the Securities Depository.

13.2 Security Type

Borrowing limit – tap issue
The Loan may be either open or closed for increase of the Borrowing Amount during the tenor. A tap issue can take place until five banking days before the Maturity Date. If the issue is open, the First Tranche and Borrowing Limit will be specified in the Applicable Final Terms.

Return
Fixed Rate (FIX)
A Bond issue with a fixed Interest Rate will bear interest at a fixed rate as specified in the applicable Final Terms.

The Interest Rate will be payable annually or semi-annually on the Interest Payment Dates as specified in the applicable Final Terms.

Floating Rate (FRN)
A Bond issue with a floating Interest Rate will bear interest equal to a Reference Rate plus a fixed Margin for a specified period (3, 6 or 12 months). Interest Rate or Reference Rate may be deemed to be zero. The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period is determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate will be payable quarterly, semi-annually or annually on the the Interest Payment Dates as specified in the applicable Final Terms.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Redemption
The Loan will mature in full at the Maturity Date at a price equal to 100 per cent. of the nominal amount.

The Issuer may have the option to prematurely redeem the Loan in full at terms specified in the applicable Final Terms.

The Bondholders may have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder at terms specified in the applicable Final terms.

Security
The Bonds may be either secured or unsecured. Details will be specified in the applicable Final Terms.

Negative pledge
The Bonds may have negative pledge clause. Details will be specified in the applicable Final Terms.

13.3 Definitions

This section includes a summary of the definitions set out in any Bond Terms as well as certain other definitions relevant for this Prospectus. The Bond Trustee may amend the definitions in the Bond Tems for any new issue of bonds during the tenor of this Base Prospectus. This may cause the definitions in this Base Prospectus to be incorrect and no longer valid for such new issues of bonds. If the definitions in this Base Prospectus at any point in time no longer represents the correct understanding of the definitions set out in the Bond Terms, the Bond Terms shall prevail. The Bond Tems are attached to the Final Terms.

Additional Bonds:	Means the debt instruments issued under a Tap Issue, including any Temporary Bonds.
Attachment:	Means any schedule, appendix or other attachment to the Bond Terms.
Base Prospectus:	This document. Describes the Issuer and predefined features of Bonds that can be listed under the Base prospectus, as specified in the Prospectus Regulation (EU) 2017/1129. Valid for 12 months after it has been published. In this period, a prospectus may be constituted by the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms for each new issue.
Bond Issue/Bonds/ Notes/the Loan:	Means (i) the debt instruments issued by the Issuer pursuant to the Bond Terms, including any Additional Bonds, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.
Bond Terms:	The terms and conditions, including all Attachments which form an integrated part of the Bond Terms, in each case as amended and/or supplemented from time to time.
Bondholder:	A person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to the Bondholders' rights in the Bond Terms.
Bondholders' decisions:	The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes. At the Bondholders' meeting each Bondholder may cast one vote for each voting bond owned at close of business on the day prior to the date of the Bondholders' meeting in the records registered in the Securities Depository. In order to form a quorum, at least half (1/2) of the voting bonds must be represented at the Bondholders' meeting. See also the clause for repeated Bondholders' meeting in the Bond Terms. Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, however, a majority of at least 2/3 of the voting bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of the Bond Terms. (For more details, see also the clause for Bondholders' decisions in the Bond Terms)
Bondholders rights:	Bondholders' rights are specified in the Bond Terms. By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms.
Bond Trustee:	Nordic Trustee AS, Postboks 1470 Vika, 0116 Oslo, or its successor(s) Website: https://nordictrustee.com The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of the Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others. The Bond Trustee shall represent the Bondholders in accordance with the finance documents. The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other obligor unless to the extent expressly set out in the Bond Terms, or to take any steps

	to ascertain whether any event of default has occurred. The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the finance documents.
Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche	Borrowing Limit is the maximum issue amount for an open Bond issue. Borrowing Amount/First Tranche is the borrowing amount for a closed Bond Issue, eventually the borrowing amount for the first tranche of an open Bond Issue. Borrowing Limit – Tap Issue and Borrowing Amount/First Tranche will be specified in the Final Terms.
Bridge Loan:	Means the USD 150,000,000 loan made under the Bridge Facility (as defined in the Existing Facilities Agreement under the Bond Terms) (including accrued unpaid interest and fees).
Business Day:	Means a day both the relevant CSD settlement system and the relevant Bond currency settlement system is open for settlement.
Business Day Convention:	If the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Payment Date will be as follow: If Fixed Rate, the Interest Payment Date shall be postponed to the next day which is a Business Day (Following Business Day convention). If FRN, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (Modified Following Business Day convention).
Calculation Agent:	The Bond Trustee, if not otherwise stated in the applicable Final Terms.
Call Option:	The Final Terms may specify that the Issuer is entitled to redeem (all or some of) the Outstanding Bonds prior to the Maturity Date. In such case the Call Date(s), the Call Price(s) and the Call Notice Period will be specified in the Final Terms.
Change of Control Event:	Means any event whereby the Parent Entities cease to (i) control more than 2/3 of the voting rights of the Issuer and (ii) maintain board control through majority representation.
Currency:	The currency in which the bond issue is denominated. Currency will be specified in the Final Terms.
Day Count Convention:	The convention for calculation of payment of interest; a) If Fixed Rate, the interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis), unless: (i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30–day month; or (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month. (b) If FRN, the interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
Decisive Influence:	Means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly): (a) a majority of the voting rights in that other person; or (b) a right to elect or remove a majority of the members of the board of directors of that other person.
Denomination – Each Bond:	The nominal amount of each Bond. Denomination of each bond will be specified in the Final Terms.

Disbursement Date / Issue Date	Date of bond issue. On the Issue Date the bonds will be delivered to the Bondholder's VPS-account against payment or to the Bondholder's custodian bank if the Bondholder does not have his/her own VPS-account. The Issue Date will be specified in the Final Terms.
Early redemption – Equity Clawback:	The Final Terms may specify that the Issuer may use the net cash proceeds received by the Group from an equity issue to redeem Bonds, as specified in the Bond Terms. In such case the terms of the early redemption option will be specified in the Final Terms.
Early redemption option due to a tax event:	The Final Terms may specify that the Issuer is entitled to redeem all (but not only some) of the Outstanding Bonds prior to the Maturity Date due to a tax event. In such case the terms of the early redemption option will be specified in the Final Terms.
Event of Default	Means any of the events or circumstances specified in the Bond Terms (Events of Default).
Exchange:	Means: (a) Oslo Børs (the Oslo Stock Exchange); or (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).
Final Terms:	Document describing securities as specified in Prospectus Regulation (EU) 2017/1129, prepared as part of the Prospectus. Final Terms will be prepared for each new security as specified in Prospectus Regulation (EU) 2017/1129, issued by the Issuer.
Guarantee:	Means the joint and several unconditional Norwegian law guarantee (Norwegian: "selvskyldnerkausjon") issued by each Guarantor.
Guarantor:	Means the Initial Guarantors and each Material Subsidiary from time to time.
Initial Guarantors:	Means MHWirth AS, Hydril USA Distribution LLC, Hydril PCB Limited, HMH Drilling Asia Pte Ltd., MHWirth GmbH, MHWirth FZE and MHWirth Do Brasil Equipamentos Ltda.
Interest Determination Date(s):	In the case of LIBOR: Means, in relation to any period for which Interest Rate is to be determined, 2 Quotation Business Days before the first day of the relevant Interest Period. Interest Determination Date(s) for other Reference Rates, see Final Terms.
Interest Payment Date(s):	The Interest Rate is paid in arrears on the last day of each Interest Period. Any adjustment will be made according to the Business Day Convention. The Interest Payment Date(s) will be specified in the Final Terms.
Interest Period:	The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.
Interest Rate:	Rate of interest applicable to the Bonds; (i) If Fixed Rate, the Bonds shall bear interest at the percentage rate per annum (based on the Day Count Convention) (ii) If FRN, the Bonds shall bear interest at a rate per annum equal to the Reference Rate plus a Margin (based on the Day Count Convention). Interest Rate or Reference Rate may be deemed to be zero. The Interest Rate is specified in Final Terms.

Interest Rate Adjustment Date:	Date(s) for adjusting of the interest rate for bond issue with floating interest rate. The Interest Rate Adjustment Date will coincide with the Interest Payment Date.
IPO:	Means an initial public offering or similar transactions leading to the listing of the shares in the Issuer on an exchange
ISIN:	International Securities Identification Number for the Bond Issue. ISIN is specified in Final Terms.
Issuer:	HMH Holding B.V. is the Issuer under the Base Prospectus.
Issuer's Bonds:	Means any Bonds which are owned by the Issuer or any affiliate of the Issuer.
Issue Price:	The price in percentage of the Denomination, to be paid by the Bondholders at the Issue Date. Issue price will be specified in Final Terms.
Joint Lead Manager:	The bond issue's joint lead manager(s), as specified in the Final Terms.
LEI-code:	Legal Entity Identifier (LEI), is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. LEI-code is specified in Final Terms.
Listing:	Listing of a bond issue on an Exchange is due to the Base Prospectus, any supplement(s) to the Base Prospectus and a Final Terms. An application for listing will be sent after the Disbursement Date and as soon as possible after the Prospectus has been approved by the Norwegian FSA. Bonds listed on an Exchange are freely negotiable. See also Market Making.
Mandatory repurchase due to a Material Asset Sale – Asset Sale Put Option:	The Final Terms may specify that upon the occurrence of a material asset sale, each Bondholder will have the right to require that the Issuer purchases the Bonds held by that Bondholder. In such case the exercise procedures, the repayment date and redemption price will be specified in the Final Terms.
Market Making:	For Bonds listed on an Exchange, a market-maker agreement between the Issuer and a Joint Lead Manager may be entered into. This will be specified in the Final Terms.
Margin:	The margin, specified in percentage points, to be added to the Reference rate. Margin will be specified in the Final terms.
Material Subsidiary:	As specified in the Bond Terms.
Maturity Date:	The date the bond issue is due for payment, if not already redeemed pursuant to Call Option, Put Option, Early redemption option due to a tax event, Early redemption – Equity Clawback or Mandatory repurchase due to a Material Asset Sale – Asset Sale Put Option. The Maturity Date coincides with the last Interest Payment Date and is adjusted in accordance with the Business Day Convention. The Maturity Date is specified in the Final Terms.
Obligors:	Means the Issuer and each Guarantor.
Outstanding Bonds:	Means any Bonds not redeemed or otherwise discharged. The Issuer will issue on the Issue date the first tranche of the bond issue as specified in Final Terms. During the term of the bond issue, new tranches may be issued up to the Borrowing Limit, as specified in Final Terms.

Paying Agent:	The entity designated by the Issuer to manage (maintain the Issuer Account for) the bond issue in the Securities Depository. The Paying Agent is specified in the Final Terms.
Prospectus:	The Prospectus consists of the Base Prospectus, any supplement(s) to the Base Prospectus and the relevant Final Terms prepared in connection with application for listing on an Exchange.
Put Option:	The Final Terms may specify that upon the occurrence of a Put Option Event, each Bondholder will have the right to require that the Issuer purchases all or some of the Bonds held by that Bondholder. In such case the exercise procedures, the repayment date and redemption price will be specified in the Final Terms.
Put Option Event:	Means a Change of Control Event or a Share De-Listing Event.
Quotation Business Day:	Means a day on which the Bank of England is open.
Redemption:	The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount, if not already redeemed pursuant to Call Option, Put Option, Early redemption option due to a tax event, Early redemption – Equity Clawback or Mandatory repurchase due to a Material Asset Sale – Asset Sale Put Option.
Redemption Price:	The price determined as a percentage of the Denomination to which the bond issue is to be redeemed at the Maturity Date. Redemption Price is 100 per cent of Denomination – Each Bond.
Reference Rate:	For FRN, the Reference Rate shall be LIBOR or any other rate as specified in the Final Terms, which appears on the Relevant Screen Page as at the specified time on the Interest Determination Date in question. The Reference Rate, the Relevant Screen Page, the specified time, information about the past and future performance and volatility of the Reference Rate and any fallback provisions will be specified in Final Terms.
Relevant Screen Page:	For FRN, an internet address or an electronic information platform belonging to a renowed provider of Reference Rates. The Relevant Screen Page will be specified in the Final Terms.
Securities Depository /CSD:	The securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2019 no. 6 regarding Securities depository. Unless otherwise specified in the Final Terms, the following Securities Depository will be used: Norwegian Central Securities Depository (“Verdipapirsentralen” or ”VPS”), P.O. Box 4, 0051 Oslo.
Share De-Listing Event:	Means, after the completion of an IPO, if the shares of the Issuer cease to be listed on an Exchange.
Tap Issues:	The Issuer may, provided that the conditions set out in the Bond Terms are met, at one or more occasions up until, but excluding, the Maturity Date or any earlier date when the Bonds have been redeemed in full, issue Additional Bonds until the aggregate nominal amount of the Bonds outstanding equals in aggregate the maximum issue amount (less the aggregate nominal amount of any previously redeemed Bonds) If N/A is specified in the Borrowing Limit in the Final Terms, the Issuer may not make Tap issues under the Bond Terms.

Temporary Bonds:	If the Bonds are listed on an Exchange and there is a requirement for a new prospectus in order for the Additional Bonds to be listed together with the Bonds, the Additional Bonds may be issued under a separate ISIN (such Bonds referred to as the "Temporary Bonds"). Upon the approval of the prospectus, the Issuer shall (i) notify the Bond Trustee, the Exchange and the Paying Agent and (ii) ensure that the Temporary Bonds are converted into the ISIN for the Bonds.
Term Loan:	Means the USD 70,000,000 loan (as reduced USD for USD by the net proceeds from any Tap Issue) made under the Term Loan Facility (as defined in the Existing Facilities Agreement under the Bond Terms) (including accrued unpaid interest and fees).
Yield:	Dependent on the Market Price for bond issue with floating rate. Yield for the first interest period can be determined when the interest is known, normally two Business Days before the Issue Date. For bond issue with fixed rate, yield is dependent on the market price and number of Interest Payment Date. The yield is calculated in accordance with «Anbefaling til Konvensjoner for det norske sertifikat- og obligasjonsmarkedet» prepared by Norske Finansanalytikeres Forening in January 2020: https://www.finansanalytiker.no/wp-content/uploads/2020/02/Rentekonvensjon-pr-januar-2020-v2.pdf Yield is specified in Final Terms.

13.4 General terms and conditions

These general terms and condtions summarize and describe the general terms and conditions set out in any Bond Terms. The Bond Trustee may amend the general terms and conditions in the Bond Terms for any new issue of bonds during the tenor of this Base Prospectus. This may cause the general terms and conditions in this Base Prospectus to be incorrect and no longer valid for such new issues of bonds. If the general terms and conditions in this Base Prospectus at any point in time no longer represents the correct understanding of the general terms and conditions set out in the Bond Terms, the Bond Terms shall prevail. The Bond Tems are attached to the Final Terms.

13.4.1 Use of proceeds

(a) The Issuer used the net proceeds from the initial bond issue (net of legal costs, fees of the Joint Lead Managers and the Bond Trustee and any other agreed costs and expenses) for:
(i) repayment of the Bridge Loan;
(b) The Issuer will use the net proceeds from the issuance of any Additional Bonds for repayment of the Term Loan.

Other use of proceeds will be specified in the Final Terms.

13.4.2 Publication

The Base Prospectus, any supplement(s) to the Base Prospectus and the Final Terms will be published on Issuer's website https://hmhw.com, or on the Issuer's visit address, Weerdestein 97, 1083 GG Amsterdam, The Netherlands, or their successor (s).

The Prospectus will be published by a stock exchange announcement.

13.4.3 Redemption

Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of 18 May 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.

13.4.4 Fees, Expenses and Tax legislation

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.

13.4.5 Security Depository and secondary trading

The Bonds are electronically registered in book-entry form with the Securities Depository, see also the definition of "Securities Depository". Securities Depository is specified in the Final Terms.

Secondary trading will be made over an Exchange for Bonds listed on a marketplace. See also definition of "Market Making".

Prospectus fee for the Base Prospectus including templates for Final Terms is NOK 123,000. In addition, there is a listing fee for listing of the Bonds in accordance with the current price list of the Exchange. The listing fees will be specified in the Final Terms.

13.4.6 Status of the Bonds and Security

The Bonds and each other payment obligation under or in relation to the Finance Documents shall constitute senior debt obligations of the Issuer and each Obligor. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

Please see Bond Terms for definitions. The kind of security will be specified in th Final Terms.

13.4.7 Bond Terms

The Bond Terms has been entered into between the Issuer and the Bond Trustee. The Bond Terms regulates the Bondholders' rights and obligations in relations with the bond issue. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

The Bond Terms will be attached to the Final Terms for each Bond issue and is also available through the Joint Lead Manager(s), the Issuer and the Bond Trustee.

13.4.8 Legislation

The Bond Terms is governed by and construed in accordance with Norwegian law.

The Issuer and the Guarantors are subject to the following legislation:

Legal name	Legislation	Most relevant laws
HMH Holding B.V.	Dutch	The Dutch Civil Code (Burgerlijk Wetboek), the Dutch Act on the Prevention of Money Laundering and the Financing of Terrorism (Wet ter voorkoming van witwassen en financiering van terrorisme)
MHWirth AS	Norwegian	Private Limited Liability Companies Act
Hydril USA Distribution LLC	US	Delaware Limited Liability Company Act, the Delaware Uniform Commercial Code, USC Title 11 (Bankruptcy), USC Title 26 Internal Revenue Code, and Delaware common law
Hydril PCB Limited	UK	The United Kingdom company law, Companies Act 2006, Insolvency Act 1986, UK Corporate Governance Code and European Union Directives

HMH Drilling Asia Pte Ltd	Singapore	Companies Act 1967 of Singapore
MHWirth GmbH	German	Limited Liability Companies Act (GmbHG), Stock Corporation Act (AktG), German Commercial Code (HGB), Transformation (or Conversion) Act (UmwG), Insolvency Statute (InsO)
MHWirth FZE	UAE	UAE Commercial Companies Law No. 2 of 2015 (as amended), Securities and Commodities Authority (SCA) Decree No. 12 of 2000 on listing securities and commodities, SCA Decree No. 17 of 2014 regulating the offering and listing of debt securities, Decision No. 3 of 2017 regulating the promotion and introduction of securities
MHWirth Do Brasil Equipamentos Ltda.	Brazilian	Federal Statute 10.406/2002 – Brazilian Civil Code, Federal Statute 6.404/1976 – Brazilian Corporations' Act, Decree 9.580/2018, which details rules and procedures on Federal Income Tax

13.4.9 Approvals

The Bonds were issued in accordance with the Issuer's Board of Directors approval.

The date of the Issuer's Board of Directors approval is specified in the Final Terms.

The Base Prospectus has been submitted to the Norwegian Financial Supervisory Authority (Finanstilsynet) before listing of the Bonds takes place.

Final Terms will be submitted to Finanstilsynet for information purposes in connection with an application for listing of a Bond Issue.

The Base prospectus will not be the basis for offers for subscription in bonds that are not subject to a prospectus obligation.

13.4.10 Restrictions on the free transferability of the securities

Any restrictions on the free transferability of the securities will be specified in the Final Terms.

13.5 Return and redemption

Bonds may have return and redemption mechanisms as explained below. The relevant Final Terms refer to these mechanisms and provide relevant parameter values for the specific bond issue.

13.5.1 Bonds with floating rate

13.5.1.a Return (interest)

The Interest Rate is specified in Interest Rate ii). Payment of the Interest Rate is calculated on basis of the Day Count Convention (b).

Interest Rate or Reference Rate may be deemed to be zero.

The period lengths are equal throughout the term of the Loan, but each Interest Payment Date is adjusted in accordance with the Business Day Convention. The Interest Rate for each forthcoming period are determined two Business Days prior to each Interest Payment Date based on the then current value of the Reference Rate plus the Margin.

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The relevant Reference Rate, the Margin, the Interest Payment Dates and the then current Interest Rate will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/360, modified following.

13.5.1.b Redemption
Redemption is made in accordance with Redemption.

13.5.2 Bonds with fixed rate

13.5.2.a Return (interest)
The interest rate is specified in Interest Rate (i). Payment of the the Interest Rate is calculated on basis of the Day Count Convention (a).

The Interest Rate is paid in arrears on each Interest Payment Date. The first Interest Period runs from and including the Issue Date to but excluding the first Interest Payment Date. The subsequent Interest Periods run from and including an Interest Payment Date to but excluding the next Interest Payment Date. The last Interest Payment Date corresponds to the Maturity Date.

The Interest Rate and the Interest Payment Dates will be specified in the applicable Final Terms.

Interest calculation method for secondary trading is given by act/365 for bond issue with fixed rate.

13.5.2.b Redemption
Redemption is made in accordance with Redemption.

13.6 Rating

The Issuer has not been rated.

The Bonds have not been rated.

13.7 Final Terms

Template for Final Terms for fixed and floating bond issue, see Appendix 3.

14 Third party information and statement by experts and declarations of any interest

14.1 Third party information

Part of the information given in this Base Prospectus has been sourced from a third party. It is hereby confirmed that the information has been accurately reproduced and that as far as HMH Holding B.V. is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The following table lists such third parties:

Kind of information	Publicly available	Name of third party	Business address	Qualifications	Material interest in the Company
Rystad Rig Analytics Dashboard Rystad Offshore Report June 2022 Rystad Onshore Rig Market Analysis	Payment required	Rystad Energy	Fjordalleen 16, N-0250 Oslo, Norway	Independent energy research and intelligence company	None
Mined commodities market demand	Payment required	Wood Mackenzie	22 Bishopsgate, 26th Floor, London EC2N 4BQ, United Kingdom	Global research and consultancy business	None
Annual additions forecast of offshore and onshore wind installed capacity	Free	Bloomberg New Energy Finance	3 Queen Victoria Street, London EC4N 4TQ, United Kingdom	Strategic research provider	None
Rig Count	Free	Baker Hughes Rig Count	https://rigcount.bakerhughes.com/	Oilfield Equipment and Service provider	Baker Hughes owns 50% of HMH.
Oil price dynamics	Free download available upon registration	International Energy Agency	9 rue de la Federation 75739 Paris Cedex 15 France	Inter-governmental organization providing data and research on global energy markets	None
Spinergie Offshore Drilling Outlook June 2022	Payment required	Spinergie	3 Boulevard Saint-Martin, 75003 Paris, France	Marine data provider	None
PwC Mine 2022	Free download available at https://www.pwc.com/gx/en/industries/energy-utilities-resources/publications/mine.html	PwC	1 Embankment Place, London WC2N 6RH, United Kingdom	Auditing and consulting provider	None

If not otherwise indicated, HMH Holding B.V. is the source of any other information in this Base Prospectus.

Joint Lead Managers' disclaimer

DNB Bank ASA, Nordea Bank Abp, filial i Norge, Pareto Securities AS and Skandinaviska Enskilda Banken AB (publ), the Joint Lead Managers, have assisted the Company in preparing the Base Prospectus. The Joint Lead Managers have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Joint Lead Managers expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Base Prospectus or any other information supplied in connection with the issuance or distribution of bonds by HMH Holding B.V..

This Base Prospectus is subject to the general business terms of the Joint Lead Managers, available at their respective websites. Confidentiality rules and internal rules restricting the exchange of information between different parts of the Joint Lead Managers may prevent employees of the Joint Lead Managers who are preparing this Base Prospectus from utilizing or being aware of information available to the Joint Lead Managers and/or any of their affiliated companies and which may be relevant to the recipient's decisions.

Each person receiving this Base Prospectus acknowledges that such person has not relied on the Joint Lead Managers, nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, October 26 2022

DNB Bank ASA (www.dnb.no)	Nordea Bank Abp, filial i Norge (www.nordea.no)	Pareto Securities AS www.paretosec.com	Skandinaviska Enskilda Banken AB (publ) (www.seb.no)

Annex 1 Memorandum and articles of association

JUCERJA

NIRE (DA SEDE OU DA FILIAL QUANDO A SEDE FOR EM OUTRA UF)

33.2.1042752-1

Tipo Jurídico

Sociedade empresária limitada

Porte Empresarial

Normal

Nº do Protocolo

00-2021/590836-8

JUCERJA

Útimo arquivamento:
00004658493 - 01/12/2021

NIRE: 33.2.1042752-1

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Boleto(s):

Hash: 7F54F9FD-53ED-499A-A7AE-237EDC652F38

Orgão	Calculado	Pago
Junta	414,00	414,00
DNRC	0,00	0,00

TERMO DE AUTENTICAÇÃO

Nome

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Código Ato

002

Eventos

Cód	Qtde.	Descrição do Ato / Evento
051	1	Alteração / Consolidação de Contrato / Estatuto
xxx	xx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxx	xx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxx	xx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxx	xx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

CERTIFICO O DEFERIMENTO POR LEILA FLÁVIA RODRIGUES BELEZA SOB O NÚMERO E DATA ABAIXO:

NIRE / Arquivamento	CNPJ	Endereço / Endereço completo no exterior	Bairro	Municipio	Estado
00004661737	28.779.772/0001-92	Rua SÉRGIO ROBERTO FRANCO SN	IMBOASSICA	Macaé	RJ
xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx
xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx
xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx
xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx
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xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx
xxxxxxxxxxx	xx.xxx.xxx/xxxx-xx	xxxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxx	xxxxxxxxxx	xx

Deferido em 07/12/2021 e arquivado em 07/12/2021

Nº de Páginas	Capa Nº Páginas
15	1/1

Jorge Paulo Magdaleno Filho

SECRETÁRIO GERAL

Observação:

Presidência da República
Secretaria de Micro e Pequena Empresa
Secretaria de Racionalização e Simplificação
Departamento de Registro Empresarial e Integração
Junta Comercial do Estado do Rio de Janeiro

NIRE (DA SEDE OU DA FILIAL QUANDO A SEDE FOR EM OUTRA UF)

33.2.1042752-1

Tipo Jurídico

Sociedade empresária limitada

Porte Empresarial

Normal

Nº do Protocolo

00-2021/590836-8 06/12/2021 14:22:04

JUCERJA

Último arquivamento:

00004658493 - 01/12/2021

NIRE: 33.2.1042752-1

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Boleto(s): 103882502

Hash: 7F54F9FD-53ED-499A-A7AE-237EDC652F38

Orgão	Calculado	Pago
Junta	414,00	414,00
DREI	0,00	0,00

REQUERIMENTO

Ilmo Sr. Presidente da Junta Comercial do Estado do Rio de Janeiro

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

requer a v. sa o deferimento do seguinte ato:

Código do Ato	Código Evento	Qtde.	Descrição do ato / Descrição do evento
002	051	1	Alteração / Consolidação de Contrato / Estatuto
	xxx	xxx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
	xxx	xxx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
	xxx	xxx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
	xxx	xxx	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Requerente

Nome:	WILSON JOSE ANDERSEN BALLAO
Assinatura:	ASSINADO DIGITALMENTE O Requerente DECLARA, sob sua responsabilidade pessoal, sem prejuízo das sanções administrativas, cíveis e penais, a veracidade dos documentos e assinaturas apresentados no presente processo
Telefone de contato:	4132217777
E-mail:	paralegal@andersenballao.com.br
Tipo de documento:	Digital
Data de criação:	06/12/2021
Data da 1ª entrada:	

Rio de Janeiro

Local

06/12/2021

Data

00-2021/590836-8

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA. CNPJ 28.779.772/0001-92 NIRE 332.1042752-1 11th AMENDMENT TO THE ARTICLES OF ASSOCIATION	MHWIRTH DO BRASIL EQUIPAMENTOS LTDA. CNPJ 28.779.772/0001-92 NIRE 332.1042752-1 11ª ALTERAÇÃO DO CONTRATO SOCIAL

\By means of this instrument,	Pelo presente instrumento,
1. **MHWIRTH AS**, a company duly incorporated under the laws of Norway, registered under number 942 524 544, enrolled before the Brazilian Corporate Taxpayers' Register (CNPJ) under n. 15.306.059/0001-80, with its headquarters at Butangen 20, 4639 Kristiansand S, Kristiansand, Norway, herein represented by its attorney-in-fact, Mr. **Wilson José Andersen Ballão**, Brazilian, married, lawyer, enrolled with the Brazilian Bar Association/Paraná (OAB/PR) under n. 8.351, enrolled with the Individual Taxpayer's Register (CPF) under n. 319.481.119-34, with business address at Avenida Jaime Reis, n. 86, bairro São Francisco, Curitiba, State of Paraná, CEP (Zip Code) 80510-010, Brazil;	**1. MHWIRTH AS**, sociedade constituída de acordo com as leis da Noruega, registrada sob o número 942 524 544, inscrita no CNPJ sob o n° 15.306.059/0001-80, com sede na Butangen 20, 4639 Kristiansand S, Kristiansand, Noruega, neste ato representada por seu procurador o Sr. **Wilson José Andersen Ballão**, brasileiro, casado, advogado regularmente inscrito na OAB/PR sob o n° 8.351, inscrito no CPF sob o n° 319.481.119-34, com endereço profissional na Avenida Jaime Reis, n° 86, bairro São Francisco, Curitiba, Estado do Paraná, CEP 80510-010;
sole shareholder of **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.**, a limited liability company (*sociedade empresária limitada*), with its headquarters in the City of Macaé, State of Rio de Janeiro, at Rua Sergio Roberto Franco, s/n, Imboassica, CEP (Zip Code) 27932-354, enrolled with the Brazilian Corporate Taxpayers' Register (CNPJ) under n. 28.779.772/0001-92, with its Articles of Association duly filed before the Board of Trade of the State of Rio de Janeiro - JUCERJA, under NIRE n. 332.1042752-1 ("Company"), decide to amend and restate the Articles of Association of the Company, in accordance with the clauses and conditions hereinafter:	na qualidade de sócia única de **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.**, sociedade limitada, com sede no município de Macaé, Estado do Rio de Janeiro, na Rua Sergio Roberto Franco, s/n, Imboassica, CEP 27932-354, inscrita no CNPJ sob o n° 28.779.772/0001-92, com seus atos constitutivos arquivados na Junta Comercial do Estado do Rio de Janeiro - JUCERJA sob o NIRE 332.1042752-1 ("Sociedade"), resolvem alterar e consolidar o Contrato Social da Sociedade, que passa a viger com a seguinte redação:
1. <u>Registration of the Lien over the Quotas</u>	**1. <u>Registro de ônus sobre as Quotas</u>**

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1.1. The Partner hereby resolves to register that, as previously approved at the Partners' Meeting held on November 24, 2021, all the quotas representing the Company's capital stock were pledged as collateral in favor of Nordea Bank Abp, branch i Norge ("Collateral Agent"), pursuant to the Quota Pledge Agreement entered into on this date by and among MHWirth AS, identified above, and the Collateral Agent, and also, in the capacity of consenting intervening party, the Company, such contract being filed at the Company's headquarters.	1.1. Resolve a Sócia, neste ato, consignar que, conforme previamente aprovado em Reunião de Sócios realizada em 24 de novembro de 2021, a totalidade das quotas representativas do capital social da Sociedade foi empenhada em garantia em favor de Nordea Bank Abp, filial i Norge ("Agente de Garantias"), nos termos do Contrato de Penhor de Quotas (Quota Pledge Agreement) celebrado nesta data por e entre, MHWirth AS, acima qualificada, e o Agente de Garantias, e ainda, na qualidade de interveniente anuente, a Sociedade, encontrando-se referido contrato arquivado na sede social da Sociedade.
1.2. Due to the pledge in guarantee of all the quotas representing the Company's capital stock, as resolved herein, Clause Five of the Company's Articles of Incorporation becomes effective with the following wording:	1.2. Em razão do penhor em garantia da totalidade das quotas representativas do capital social da Sociedade, conforme ora deliberado, a Cláusula Quinta do Contrato Social da Sociedade passa a vigorar com a seguinte redação:
CLAUSE FIVE – CAPITAL STOCK *The corporate capital fully subscribed and paid in, in Brazilian currency and assets, is of two hundred and eight million, four hundred and ninety-seven thousand, five hundred and eighty-five Reais (BRL 208,497,585.00), divided into two hundred and eight million, four hundred and ninety-seven thousand, five hundred and eighty-five (208,497,585) shares, with par value of one Real (BRL 1.00) each.*	***CLÁUSULA QUINTA - CAPITAL SOCIAL*** *O capital social, totalmente subscrito e integralizado em moeda corrente do País e em bens, é de R$ 208.497.585,00 (duzentos e oito milhões, quatrocentos e noventa e sete mil quinhentos e oitenta e cinco reais), dividido em 208.497.585 (duzentas e oito milhões quatrocentas e noventa e sete mil, quinhentas e oitenta e cinco) quotas, com valor nominal de R$ 1,00 (um real) cada uma.*
Sole Paragraph. *One hundred percent (100%) of quotas representing the capital stock of the Company, as well as all profits, income, cash, rights, distributions, interest on capital (juros sobre capital próprio) and all other amounts received, receivable or otherwise distributed to the quotaholder upon any*	***Parágrafo Único.*** *Cem por cento (100%) das quotas representativas do capital social da Sociedade, bem como todos os lucros, receitas, recursos, direitos, distribuições, juros sobre capital próprio e quaisquer outros valores recebidos, a receber, ou de outra forma a ser distribuídos para a sócia mediante qualquer*

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collection, exchange, sale or other disposition of any of the quotas, and any property into which any of the quotas is converted, and all other amounts paid or payable under or in connection with any of the quotas, and, in any event, including dividends and all income from the quotas, were pledged in favor of the Finance Parties, represented by Nordea Bank Abp, filial I Norge, a financial institution duly organized and existing in accordance with the laws of Norway, headquartered at Essendrops gate 7 0368, Oslo, Norway ("Security Agent"), pursuant to the Facilities Agreement dated September 28, 2021 ("Facilities Agreement"), as amended, restated, supplemented, extended or otherwise modified from time to time, amongst others, MHH Holding B.V, in its capacity as borrower and guarantor; DNB Markets, a part of DNB Bank ASA, HSBC Continental Europe, Nordea Bank Abp, filial I Norge and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers and bookrunners; certain financial institutions listed in the Facilities Agreement, as original lenders; DNB Bank ASA, Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ), as hedge counterparties, and the Security Agent, as security and facility agent, all in accordance with and as set forth in the Quota Pledge Agreement dated as of November 25, 2021, entered into by and between MHWirth AS, as pledgor ("Pledgor"), the Security Agent (acting for the benefit of the Finance Parties), as pledgee, and the Company, as intervening party (the "Quota Pledge Agreement"), which is filed at the Company's head office, in order to secure all of the obligations of the Pledgor under the Quota Pledge Agreement and the obligations of the Obligors under the Finance Documents (as defined in the Facilities Agreement). The pledge created under the Quota Pledge Agreement shall be extended to any new quotas issued or distributed by the Company to the quotaholders, as well as shares issued thereby in case of modification of the corporate form of the Company into a corporation, being thus fully agreed and

coleta, troca, venda ou outra alienação de qualquer uma das quotas, e qualquer outro ativo ao qual as quotas possam ser convertidas, e todos os outros valores pagos ou a pagar em relação à qualquer das quotas e, em qualquer caso, incluindo dividendos e toda receita vinculada às quotas, foram empenhadas em favor das Partes Financeiras (Finance Parties), representadas por Nordea Bank Abp, filial i Norge, instituição financeira devidamente organizada e existente de acordo com as leis da Noruega, com sede na Essendrops gate 7 0368, Oslo, Noruega ("Agente de Garantia"), de acordo com o Contrato de Financiamento (Facilities Agreement) de 28 de setembro de 2021 ("Contrato de Financiamento"), conforme aditado, consolidado, suplementado, estendido ou modificado de outra forma de tempos em tempos, entre outros, MHH Holding B.V na posição de devedor (borrower) e garantidor (guarantor); DNB Markets, parte do DNB Bank ASA, HSBC Continental Europe, Nordea Bank Abp, filial I Norge e Skandinaviska Enskilda Banken AB (publ), como agente intermediário líder e agente executor (lead arrangers and bookrunners); determinadas instituições financeiras listadas no Contrato de Financiamento, como credores originais (original lenders); DNB Bank ASA, Nordea Bank Abp e Skandinaviska Enskilda Banken AB (publ), como contrapartes de cobertura (hedge counterparties), e o Agente de Garantia, como agente de garantias e de crédito (security and facility agent), tudo em conformidade com e disposto no Contrato de Penhor de Quotas, datado de 25 de novembro de 2021, celebrado por e entre MHWirth AS, como garantidora ("Garantidora"), o Agente de Garantia (agindo em benefício das Partes Financeiras), como beneficiário, e a Sociedade, como parte interveniente (o "Contrato de Penhor de Quotas"), o qual se encontra arquivado na sede da Sociedade, em vista de assegurar todas as obrigações da Garantidora nos termos do Contrato de Penhor de Quotas e as obrigações dos Devedores (Obligors) nos termos dos Documentos Financeiros (conforme

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understood that the total amount of pledged quotas pursuant to the Quota Pledge Agreement shall always correspond to 100% (one hundred percent) of the capital stock of the Company unless otherwise permitted under the Facilities Agreement.	*definido no Contrato de Financiamento). O penhor criado nos termos do Contrato de Penhor de Quotas deve ser atribuído a quaisquer novas quotas emitidas ou distribuídas pela Sociedade para as sócias, assim como as ações emitidas desta forma no caso de modificação do tipo societário da Sociedade em uma companhia, sendo portanto completamente acordado e entendido que a quantidade total de quotas empenhadas em conformidade com o Contrato de Penhor de Quotas deve sempre corresponder a 100% (cem por cento) do capital social da Sociedade, exceto se de outra forma permitido no Contrato de Financiamento.*
2. <u>Restatement of the Articles of Association.</u>	**2. <u>Consolidação do Contrato Social.</u>**
2.1. Finally, the sole shareholder decides to restate the Articles of Association, which shall be effective with the following wording, having incorporated the resolutions above:	2.1. Por fim, resolve a sócia única consolidar o Contrato Social, o qual, já incorporadas as deliberações acima passa a vigorar com a seguinte redação:
<u>MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.</u> **CNPJ 28.779.772/0001-92** **NIRE 332.1042752-1** **RESTATED ARTICLES OF ASSOCIATION**	**<u>MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.</u>** **CNPJ 28.779.772/0001-92** **NIRE 332.1042752-1** **CONTRATO SOCIAL CONSOLIDADO**
1. **MHWIRTH AS**, a company duly incorporated under the laws of Norway, registered under number 942 524 544, enrolled before the Brazilian Corporate Taxpayers' Register (CNPJ) under n. 15.306.059/0001-80, with its headquarters at Butangen 20, 4639 Kristiansand S, Kristiansand, Norway, herein represented by its attorney-in-fact, Mr. **Wilson José Andersen Ballão**, above qualified;	1. **MHWIRTH AS**, sociedade constituída de acordo com as leis da Noruega, registrada sob o número 942 524 544, inscrita no CNPJ sob o n° 15.306.059/0001-80, com sede na Butangen 20, 4639 Kristiansand S, Kristiansand, Noruega, neste ato representada por seu procurador o Sr. **Wilson José Andersen Ballão**, acima qualificado;

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sole shareholder of **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.**, a limited liability company (*sociedade empresária limitada*), with its headquarters in the City of Macaé, State of Rio de Janeiro, at Rua Sergio Roberto Franco, s/n, Imboassica, CEP (Zip Code) 27932-354, enrolled with the Brazilian Corporate Taxpayers' Register (CNPJ) under n. 28.779.772/0001-92, with its Articles of Association duly filed before the Board of Trade of the State of Rio de Janeiro - JUCERJA, under NIRE n. 332.1042752-1 ("Company"), decide to restate the Articles of Association of the Company, in accordance with the clauses and conditions hereinafter:	na qualidade de sócia única de **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.**, sociedade limitada, com sede no município de Macaé, Estado do Rio de Janeiro, na Rua Sergio Roberto Franco, s/n, Imboassica, CEP 27932-354, inscrita no CNPJ sob o n° 28.779.772/0001-92, com seus atos constitutivos arquivados na Junta Comercial do Estado do Rio de Janeiro - JUCERJA sob o NIRE 332.1042752-1 ("Sociedade"), resolvem consolidar o Contrato Social da Sociedade, que passa a viger com a seguinte redação:
CLAUSE ONE - NAME AND APPLICABLE LAW	**CLÁUSULA PRIMEIRA - DENOMINAÇÃO SOCIAL E REGÊNCIA**
The Company is a business company, entitled **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.** and shall be governed by the present Articles of Association, by Law 10,406, of January 10th, 2002, and, on a subsidiary basis, by Law 6,404 of December 15th, 1976 and other applicable legislation.	A Sociedade é uma sociedade empresária limitada, denomina-se **MHWIRTH DO BRASIL EQUIPAMENTOS LTDA**. e rege-se pelo presente Contrato Social, pela Lei 10.406, de 10 de janeiro de 2002, supletivamente pela Lei 6.404, de 15 de dezembro de 1976 e demais normas aplicáveis.
CLAUSE TWO - ADDRESS	**CLÁUSULA SEGUNDA - ENDEREÇO**
The Company shall have its head office in the city of Macaé, Rio de Janeiro, at Sergio Roberto Franco, s/n, Imboassica, CEP (Zip Code) 27932-354.	A Sociedade tem sua sede social no município de Macaé, Estado do Rio de Janeiro, na Rua Sergio Roberto Franco, s/n, Imboassica, CEP 27932-354.
First Paragraph - The Company has a branch located in the City of Aracruz, State of Espírito Santo, at Praça Flamboyant, n. 80, Sala 07,	**Parágrafo Primeiro -** A Sociedade tem uma filial localizada na Cidade de Aracruz, Estado do Espírito Santo, na Praça Flamboyant, n° 80,

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Coqueiral, CEP 29199-030.	Sala 07, Coqueiral, CEP 29199-030.
Second Paragraph - The Company may open and close branches, agencies, representative offices or other premises anywhere in the country or abroad, by resolution of the sole shareholder.	**Parágrafo Segundo -** A Sociedade poderá abrir e fechar filiais, agências, escritórios de representação, ou outros estabelecimentos em qualquer parte do País ou no exterior, por deliberação da sócia única.
CLAUSE THREE - CORPORATE PURPOSE	**CLÁUSULA TERCEIRA - OBJETO SOCIAL**
The Company's purpose shall be the following activities: (a) Purchase, sale, manufacture, import, export, engineering, consulting, management, installation, maintenance, technical assistance, provision of training services, supervision, operation and leasing of equipment, machinery and accessories related to oil&gas and mining industries, directly or indirectly, including offshore services; (b) real estate rent and (c) Participation in other companies, as a partner or shareholder.	O objeto social da Sociedade consiste nas atividades descritas a seguir: (a) Compra, venda, fabricação, importação, exportação, engenharia, consultoria, gerenciamento, instalação, manutenção, assistência técnica, prestação de serviços de treinamento, supervisão, operação e locação de equipamentos, máquinas e acessórios concernentes às indústrias petrolífera e de mineração, direta ou indiretamente, incluindo a prestação de serviços em mar aberto (offshore); (b) locação de imóveis; e (c) Participação em outras sociedades, como sócia-quotista ou acionista.
First Paragraph - The subsidiary located in the City of Aracruz, Espírito Santo State, at Praça Flamboyant, 80, Room 07, Coqueiral, CEP 29199-030 shall exercise exclusively the activities of management and installation of equipment, machinery and accessories related to the oil&gas and mining industries, directly or indirectly, not performing any of the other activities indicated at the corporate purpose of the Company.	**Parágrafo Primeiro** - A filial localizada na Cidade de Aracruz, Estado do Espírito Santo, na Praça Flamboyant, 80, Sala 07, Coqueiral, CEP 29199-030 exercerá exclusivamente as atividades de gerenciamento e instalação de equipamentos, máquinas e acessórios concernentes às indústrias petrolífera e de mineração, direta ou indiretamente, não exercendo nenhuma das demais atividades indicadas ao objeto social da Sociedade.
CLAUSE FOUR - DURATION	**CLÁUSULA QUARTA - PRAZO DE DURAÇÃO**

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The Company shall exist for an indefinite period of time.	O prazo de duração da Sociedade é indeterminado.
CLAUSE FIVE – CAPITAL STOCK	**CLÁUSULA QUINTA - CAPITAL SOCIAL**
The corporate capital fully subscribed and paid in, in Brazilian currency and assets, is of two hundred and eight million, four hundred and ninety-seven thousand, five hundred and eighty-five Reais (BRL 208,497,585.00), divided into two hundred and eight million, four hundred and ninety-seven thousand, five hundred and eighty-five (208,497,585) shares, with par value of one Real (BRL 1.00) each.	O capital social, totalmente subscrito e integralizado em moeda corrente do País e em bens, é de R$ 208.497.585,00 (duzentos e oito milhões quatrocentos e noventa e sete mil quinhentos e oitenta e cinco reais), dividido em 208.497.585 (duzentas e oito milhões quatrocentas e noventa e sete mil quinhentas e oitenta e cinco) quotas, com valor nominal de R$ 1,00 (um real) cada uma.
Sole Paragraph. One hundred percent (100%) of quotas representing the capital stock of the Company, as well as all profits, income, cash, rights, distributions, interest on capital (juros sobre capital próprio) and all other amounts received, receivable or otherwise distributed to the quotaholder upon any collection, exchange, sale or other disposition of any of the quotas, and any property into which any of the quotas is converted, and all other amounts paid or payable under or in connection with any of the quotas, and, in any event, including dividends and all income from the quotas, were pledged in favor of the Finance Parties, represented by Nordea Bank Abp, filial I Norge, a financial institution duly organized and existing in accordance with the laws of Norway, headquartered at Essendrops gate 7 0368, Oslo, Norway ("Security Agent"), pursuant to the Facilities Agreement dated September 28, 2021 ("Facilities Agreement"), as amended, restated, supplemented, extended	**Parágrafo Único.** Cem por cento (100%) das quotas representativas do capital social da Sociedade, bem como todos os lucros, receitas, recursos, direitos, distribuições, juros sobre capital próprio e quaisquer outros valores recebidos, a receber, ou de outra forma a ser distribuídos para a sócia mediante qualquer coleta, troca, venda ou outra alienação de qualquer uma das quotas, e qualquer outro ativo ao qual as quotas possam ser convertidas, e todos os outros valores pagos ou a pagar em relação à qualquer das quotas e, em qualquer caso, incluindo dividendos e toda receita vinculada às quotas, foram empenhadas em favor das Partes Financeiras (Finance Parties), representadas por Nordea Bank Abp, filial i Norge, instituição financeira devidamente organizada e existente de acordo com as leis da Noruega, com sede na Essendrops gate 7 0368, Oslo, Noruega ("Agente de Garantia"), de acordo com o Contrato de Financiamento (Facilities Agreement) de 28 de setembro de

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or otherwise modified from time to time, amongst others, MHH Holding B.V, in its capacity as borrower and guarantor; DNB Markets, a part of DNB Bank ASA, HSBC Continental Europe, Nordea Bank Abp, filial I Norge and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers and bookrunners; certain financial institutions listed in the Facilities Agreement, as original lenders; DNB Bank ASA, Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ), as hedge counterparties, and the Security Agent, as security and facility agent, all in accordance with and as set forth in the Quota Pledge Agreement dated as of November 25, 2021, entered into by and between MHWirth AS, as pledgor ("Pledgor"), the Security Agent (acting for the benefit of the Finance Parties), as pledgee, and the Company, as intervening party (the "Quota Pledge Agreement"), which is filed at the Company's head office, in order to secure all of the obligations of the Pledgor under the Quota Pledge Agreement and the obligations of the Obligors under the Finance Documents (as defined in the Facilities Agreement). The pledge created under the Quota Pledge Agreement shall be extended to any new quotas issued or distributed by the Company to the quotaholders, as well as shares issued thereby in case of modification of the corporate form of the Company into a corporation, being thus fully agreed and understood that the total amount of pledged quotas pursuant to the Quota Pledge Agreement shall always correspond to 100% (one hundred percent) of the capital stock of the Company unless otherwise permitted under the Facilities Agreement.	2021 ("Contrato de Financiamento"), conforme aditado, consolidado, suplementado, estendido ou modificado de outra forma de tempos em tempos, entre outros, MHH Holding B.V na posição de devedor (borrower) e garantidor (guarantor); DNB Markets, parte do DNB Bank ASA, HSBC Continental Europe, Nordea Bank Abp, filial I Norge e Skandinaviska Enskilda Banken AB (publ), como agente intermediário líder e agente executor (lead arrangers and bookrunners); determinadas instituições financeiras listadas no Contrato de Financiamento, como credores originais (original lenders); DNB Bank ASA, Nordea Bank Abp e Skandinaviska Enskilda Banken AB (publ), como contrapartes de cobertura (hedge counterparties), e o Agente de Garantia, como agente de garantias e de crédito (security and facility agent), tudo em conformidade com e disposto no Contrato de Penhor de Quotas, datado de 25 de novembro de 2021, celebrado por e entre MHWirth AS, como garantidora ("Garantidora"), o Agente de Garantia (agindo em benefício das Partes Financeiras), como beneficiário, e a Sociedade, como parte interveniente (o "Contrato de Penhor de Quotas"), o qual se encontra arquivado na sede da Sociedade, em vista de assegurar todas as obrigações da Garantidora nos termos do Contrato de Penhor de Quotas e as obrigações dos Devedores (Obligors) nos termos dos Documentos Financeiros (conforme definido no Contrato de Financiamento). O penhor criado nos termos do Contrato de Penhor de Quotas deve ser atribuído a quaisquer novas quotas emitidas ou distribuídas pela Sociedade para as sócias, assim como as ações emitidas desta forma no caso de modificação do tipo societário da

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	Sociedade em uma companhia, sendo portanto completamente acordado e entendido que a quantidade total de quotas empenhadas em conformidade com o Contrato de Penhor de Quotas deve sempre corresponder a 100% (cem por cento) do capital social da Sociedade, exceto se de outra forma permitido no Contrato de Financiamento.
CLAUSE SIX - MANAGEMENT	**CLÁUSULA SEXTA – ADMINISTRAÇÃO**
The Company shall be managed by one officer, shareholder or not, duly appointed, dismissed and/or substituted by means of the sole shareholder' resolution formalized in the Articles of Association of the Company or in a separate act. The officer appointed by the sole shareholder will be subject to the limitations of powers set forth in this Articles of Association.	A Sociedade deverá ser administrada por um administrador, sócio ou não, devidamente nomeado, destituído e/ou substituído por meio de resolução da sócia única formalizada no Contrato Social da Sociedade, ou em ato separado. O administrador indicado pela sócia única estará sujeito às limitações de poderes estabelecidos neste Contrato Social.
First Paragraph - The sole shareholder herein appoint and invest Mr. **Trond Hugo Fiskum**, Norwegian, married, executive, bearer of the Alien's Identity Card RNE n. V409127-P issued by CIMCRE/CGPMAF of the Brazilian Federal Police enrolled with the Individual Taxpayer's Register (CPF/MF) under n. 740.319.451-91, with professional domicile at Rua Sergio Roberto Franco, s/n, Quadra 03, parte, Fazenda Boa Vista, Imboassica, Macaé - RJ CEP 27932-354.	**Parágrafo Primeiro –** A sócia única neste ato decide pela nomeação e posse do Sr. **Trond Hugo Fiskum**, norueguês, casado, executivo, portador da Cédula de Identidade de Estrangeiro RNE n° V409127-P emitida pela CIMCRE/CGPMAF da Polícia Federal e inscrito no CPF/MF sob o n° 740.319.451-91, com endereço profissional no município de Macaé, Estado do Rio de Janeiro, na Rua Sergio Roberto Franco, s/n, Quadra 03, parte, Fazenda Boa Vista, Imboassica, CEP 27932-354.
Second Paragraph - The appointed Officer represents, under penalty of perjury, that he is not prevented of performing business activities and the position of management of the	**Parágrafo Segundo -** O administrador nomeado declara, sob pena de perjúrio, que não está impedido de exercer as atividades de negócios ou a posição de administrador da

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA. CNPJ 28.779.772/0001-92 NIRE 332.1042752-1 11th AMENDMENT TO THE ARTICLES OF ASSOCIATION	MHWIRTH DO BRASIL EQUIPAMENTOS LTDA. CNPJ 28.779.772/0001-92 NIRE 332.1042752-1 11ª ALTERAÇÃO DO CONTRATO SOCIAL

Company, on the terms of article 1,011, first paragraph, of Law 10,406, of January 10, 2002, nor is convicted or under the effects of a conviction which prohibits, even if temporarily, to hold public office, of bankruptcy crime, malfeasance, bribery, graft, embezzlement or crime against welfare, the national financial system, public faith or property.	Sociedade, nos termos do artigo 1.011, parágrafo primeiro, da Lei 10.406, de 10 de janeiro de 2002, e não está condenado ou sob os efeitos de uma condenação que vede, ainda que temporariamente, de exercer cargos públicos, por crime falimentar, por prevaricação, suborno, concussão, peculato ou crime contra o bem-estar, o sistema financeiro nacional, a fé pública ou a propriedade.
Third Paragraph - The Officers shall not practice any of the acts listed below without the prior written approval of the sole shareholder:	**Parágrafo Terceiro -** O administrador não deve praticar quaisquer dos atos listados abaixo, sem a aprovação prévia e por escrito da sócia única:
1. Change the head office of the Company; 2. Liquidation of the Company; 3. Encumbrance or disposition of permanent assets, either fixed or corporate;	1. Mudança da sede da Sociedade; 2. Liquidação da Sociedade; 3. Alienação ou oneração de bens do ativo permanente da Sociedade, seja fixo ou societário;
4. Any decision regarding the takeover, spin-off or merger of the Company; 5. Request of judicial or extrajudicial restructuring or bankruptcy of the Company; and 6. Bank operations such as issuance, endorsements, acceptance and check guarantee, as well as agreements, deeds, commercial papers and trade acceptance bill, including derivative agreements of exchange protection (hedge) which may bind the Company, that cost more than BRL 25,000,000.00 (twenty-five million Real).	4. Qualquer decisão relativa à incorporação, cisão ou fusão da Sociedade; 5. Apresentação de pedido de recuperação judicial ou extrajudicial ou falência da Sociedade; e 6. Contratos, escrituras, notas promissórias ou duplicatas que obriguem a Sociedade em valores superiores a R$ 25.000.000,00 (vinte e cinco milhões de reais), incluindo, mas não se limitando a operações bancárias, tais como emissões de cheques, endossos, aceites, garantias e contratos derivativos de proteção cambial (hedge).
Fourth Paragraph - The manager will, individually, represent the Company either as plaintiff or defendant, in and out of court, use the Company's name, and perform all acts necessary for the regular operation of the	**Parágrafo Quarto -** O administrador, individualmente, representará a Sociedade ativa e passivamente, em juízo ou fora dele, usará da denominação social e praticará todos os atos necessários ao regular o funcionamento da

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Company, including giving undertakings and covenants, incurring loans with or without in rem or personal rights, issue, sign and guarantee notes, grant powers of attorney, assuming this list as an example and never restrictive to such powers, subject to the provisions of Third Paragraph above. Powers of Attorney must be valid for a limited term and must contain the description of the specific powers granted thereunder.	Sociedade, podendo inclusive firmar compromissos, contrair empréstimos, com ou sem garantia de direito real ou pessoal, emitir, assinar e avalizar promissórias, outorgar procurações, compreendendo-se esta relação como de caráter meramente exemplificado e nunca restritivo de tais poderes, sempre respeitado o disposto ao Parágrafo Terceiro acima. As procurações eventualmente outorgadas deverão conter prazo de validade e poderes específicos.
CLAUSE SEVEN - RESOLUTIONS OF THE SOLE SHAREHOLDER	**CLÁUSULA SÉTIMA – DAS DELIBERAÇÕES SOCIAIS DA SÓCIA ÚNICA**
Social resolutions of any nature will be taken by the sole shareholder and will be carried out: I - ordinarily, within the 04 (four) months following the end of the fiscal year to: (a) take the management accounts and resolution on the balance sheet and the economic result; (b) designate the managers and determine their remuneration, when applicable; and II - extraordinarily, whenever social interests require it.	As deliberações sociais de qualquer natureza serão tomadas pela sócia única e serão realizadas: I - ordinariamente, dentro dos 04 (quatro) meses seguintes ao término do exercício social para: (a) tomar as contas dos administradores e deliberar sobre o balanço patrimonial e o de resultado econômico; (b) designar os administradores e fixar a sua remuneração, quando for o caso; e II - extraordinariamente, sempre que os interesses sociais o exigirem.
First Paragraph - The documents referred to in letter (a) of the previous paragraph will be made available to the sole shareholder at the meeting.	**Parágrafo Primeiro** - Os documentos de que trata a letra (a) do parágrafo anterior serão disponibilizados à sócia única na reunião.
Second Paragraph - The resolutions of the sole shareholder must be made in written and registered before the competent Board of Trade.	**Parágrafo Segundo** – As deliberações da sócia única deverão ser lavradas por escrito e registradas no órgão de registro de empresas competente.
CLAUSE EIGHT – FISCAL YEAR AND	**CLÁUSULA OITAVA - EXERCÍCIO**

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RESULTS	**SOCIAL E RESULTADOS**
The fiscal year will start on January 1st and end on December 31st of each year, when the inventory, the balance sheet and the economic result balance will be prepared, pursuant to art. 1,065 of Law 10,406, of January 10, 2002.	O exercício social começará em 01 de janeiro e terminará em 31 de dezembro de cada ano, ocasião em que serão elaborados o inventário, o balanço patrimonial e o balanço de resultado econômico, nos termos do art. 1.065 da Lei 10.406, de 10 de janeiro de 2002.
First Paragraph - The profits will have the destination determined by the sole shareholder and the losses will be accumulated for compensation in future years.	**Parágrafo Primeiro -** Os lucros terão a destinação determinada pela sócia única e os prejuízos serão acumulados para compensação em exercícios futuros.
Second Paragraph - The Company, by decision of the sole shareholder, may draw up half-yearly or interim balance sheets and, based on them, distribute profits.	**Parágrafo Segundo -** A Sociedade, por deliberação da sócia única, poderá levantar balanços semestrais ou intercalares e, com base nos mesmos, distribuir lucros.
CLAUSE NINE – VENUE	**CLÁUSULA NONA – FORO**
It is elected the Courts of the City of Macaé, State of Rio de Janeiro, as jurisdiction for judicial resolution of any disputes arising from this present instrument or related to it, excluding any other venue, regardless of how privileged they may be.	Fica eleito o Foro da Cidade de Macaé, Estado do Rio de Janeiro, como competente para dirimir quaisquer questões oriundas deste contrato ou a ele relativas, com exclusão de qualquer outro, por mais privilegiado que seja.
Thus, the sole shareholder signs the document in one copy.	Assim, a sócia única assina o presente instrumento em via única.
Macaé, November 25, 2021.	Macaé, 25 de novembro de 2021.

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MHWIRTH AS

p.p Wilson José Andersen Ballão

IDENTIFICAÇÃO DOS ASSINANTES

CERTIFICO QUE O ATO DA MHWIRTH DO BRASIL EQUIPAMENTOS LTDA., NIRE 33.2.1042752-1, PROTOCOLO 00-2021/590836-8, ARQUIVADO EM 07/12/2021, SOB O NÚMERO (S) 00004661737, FOI ASSINADO DIGITALMENTE.

CPF/CNPJ	Nome
319.481.119-34	WILSON JOSE ANDERSEN BALLAO

07 de dezembro de 2021.

Jorge Paulo Magdaleno Filho
Secretário Geral

1/1

Satzung der MHWirth GmbH

A. Allgemeine Bestimmungen

§ 1
Firma der Gesellschaft

Die Firma der Gesellschaft lautet:

MHWirth GmbH

§ 2
Sitz der Gesellschaft

Die Gesellschaft hat ihren Sitz in Erkelenz.

§ 3
Dauer der Gesellschaft, Geschäftsjahr

(1) Die Gesellschaft ist auf unbestimmte Zeit geschlossen.

(2) Das Geschäftsjahr der Gesellschaft ist das Kalenderjahr.

§ 4
Gegenstand des Unternehmens

(1) Gegenstand des Unternehmens ist die Herstellung, die Entwicklung, die Konstruktion und der Vertrieb sowie die Vermietung von Maschinen aller Art, insbesondere von Bohrgeräten, Pumpen, Teilschnittmaschinen, Tunnel- und Schachtbohrmaschinen und verwandten Erzeugnissen einschließlich Werkzeuge und Ersatzteile sowie die Durchführung aller damit zusammenhängenden Geschäfte.
Weiterer Gegenstand der Gesellschaft ist Lohnhärterei, Wärmebehandlung und gewerbliche Arbeitnehmerüberlassung.

(2) Die Gesellschaft kann sämtliche sonstigen geschäftlichen Maßnahmen treffen, welche den Gesellschaftszweck zu fördern geeignet sind. Die Gesellschaft darf sich an anderen Unternehmen gleicher oder ähnlicher Art beteiligen sowie Zweigniederlassungen errichten.

§ 5
Stammkapital

(1) Das Stammkapital der Gesellschaft beträgt:

9.328.700.- Euro

(in Worten: neun Millionen dreihundertachtundzwanzigtausendsiebenhundert Euro).

(2) Das Stammkapital ist eingeteilt in 13 Geschäftsanteile mit den laufenden Nummern 1 bis 13. Davon haben übernommen:

a) Aker MH AS (ehemals firmierend unter Aker Kvaerner MH AS):

- einen Geschäftsanteil im Nennbetrag von Euro 1.718.648,00, laufende Nr. 1,
- einen Geschäftsanteil im Nennbetrag von Euro 622.856,00, laufende Nr. 7,
- einen Geschäftsanteil im Nennbetrag von Euro 4.664.350,00, laufende Nr. 13,

b) Herr Christophorus Kleuters:

- einen Geschäftsanteil im Nennbetrag von Euro 335.512,00, laufende Nr. 2,
- einen Geschäftsanteil im Nennbetrag von Euro 342.360,00, laufende Nr. 3,
- einen Geschäftsanteil im Nennbetrag von Euro 342.360,00, laufende Nr. 4,
- einen Geschäftsanteil im Nennbetrag von Euro 342.360,00, laufende Nr. 5,
- einen Geschäftsanteil im Nennbetrag von Euro 342.360,00, laufende Nr. 6,

c) Herr Wilfried Kroppen:

- einen Geschäftsanteil im Nennbetrag von Euro 121.594,00, laufende Nr. 8,
- einen Geschäftsanteil im Nennbetrag von Euro 124.075,00, laufende Nr. 9,
- einen Geschäftsanteil im Nennbetrag von Euro 124.075,00, laufende Nr. 10,
- einen Geschäftsanteil im Nennbetrag von Euro 124.075,00, laufende Nr. 11,
- einen Geschäftsanteil im Nennbetrag von Euro 124.075,00, laufende Nr. 12.

(3) Geschäftsanteile eines Gesellschafters können von diesem nur mit Zustimmung der Gesellschafterversammlung geteilt und zusammengelegt werden. Die Teilung und Zusammenlegung sind der Geschäftsführung unverzüglich schriftlich mitzuteilen. Sie werden mit Aufnahme der geänderten Gesellschafterliste in das Handelsregister wirksam.

(4) Jeder Gesellschafter ist verpflichtet, der Geschäftsführung Veränderungen in seiner Person oder seiner Beteiligung an der Gesellschaft unverzüglich schriftlich mitzuteilen und nachzuweisen. Der Nachweis soll im Regelfall durch Urschrift oder notariell beglaubigte Abschrift, im Falle der Erbfolge in entsprechender Anwendung von § 35 GBO erfolgen.

§ 6
Verfügung über Geschäftsanteile

(1) Die Verfügung über Geschäftsanteile oder über Teile von Geschäftsanteilen bedarf zu ihrer Gültigkeit der vorherigen Zustimmung der Gesellschafterversammlung. Die Verfügung über Geschäftsanteile von Aker MH AS an mit Aker MH AS im Sinne von §§ 15 ff. AktG verbundene Unternehmen bedarf keiner Zustimmung.

(2) Verfügung im Sinne von Absatz 1 ist jede Veräußerung, Abtretung oder Belastung einschließlich der Einräumung eines Nießbrauchs oder einer Unterbeteiligung.

B. Organisation der Gesellschaft

§ 7
Organe

Die Organe der Gesellschaft sind:

1. der oder die Geschäftsführer,
2. der Aufsichtsrat,
3. die Gesellschafterversammlung.

§ 8
Geschäftsführung

(1) Die Gesellschaft hat einen oder mehrere Geschäftsführer. Sie werden durch die Gesellschafter bestellt und abberufen.

(2) Die Geschäftsführer führen die Geschäfte der Gesellschaft nach Maßgabe der Gesetze, des Gesellschaftsvertrages, der Anstellungsverträge, einer von den Gesellschaftern beschlossenen Geschäftsordnung, in der auch die Geschäftsverteilung geregelt wird, und den sonstigen Beschlüssen der Gesellschafter. Die Gesellschafter können in der Geschäftsordnung bestimmte Arten von Geschäften festlegen, für welche die Geschäftsführer der vorherigen Zustimmung durch Gesellschafterbeschluss bedürfen. Sie können geschäftsleitende Weisungen erteilen und Richtlinien für die Geschäftspolitik aufstellen.

§ 9
Vertretung

(1) Ist nur ein Geschäftsführer bestellt, so vertritt dieser die Gesellschaft allein. Sind mehrere Geschäftsführer bestellt, so vertritt jeder von ihnen die Gesellschaft in Gemeinschaft mit einem anderen Geschäftsführer oder mit einem Prokuristen.

(2) Die Gesellschafterversammlung kann einem oder mehreren Geschäftsführern Alleinvertretungsbefugnis und/oder Befreiung von den Beschränkungen des § 181 BGB erteilen.

§ 10
Zustimmungspflichtige Geschäfte

(1) Die Geschäftsführer bedürfen für folgende Maßnahmen der vorherigen Zustimmung des Aufsichtsrats:

a) Erwerb und Veräußerung von Unternehmen und Unternehmensteilen, falls der Wert der Gegenleistung im Einzelfall € 6.000.000,00 übersteigt;

b) Erwerb und Veräußerung von Grundbesitz, falls der Wert der Gegenleistung im Einzelfall € 12.000.000,00 übersteigt;

c) Aufnahme von Krediten und Übernahme von Haftung außerhalb des gewöhnlichen Geschäftsganges, falls der aufgenommene Kredit oder die eingegangene Haftung im Einzelfall € 60.000.000,00 übersteigt;

(2) Unabhängig davon gelten die Zustimmungsbedürfnisse der Gesellschafterbeschlüsse und der Geschäftsordnung für die Geschäftsführung.

§ 11
Aufsichtsrat / Zusammensetzung

(1) Die Gesellschaft hat einen Aufsichtsrat. Seine Zusammensetzung sowie seine Rechte und Pflichten bestimmen sich nach den Vorschriften des Gesetzes über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat (Drittelbeteiligungsgesetz), den danach anzuwendenden Vorschriften des Aktiengesetzes und den Bestimmungen dieses Gesellschaftsvertrages.

(2) Der Aufsichtsrat besteht aus sechs Mitgliedern. Vier Mitglieder werden von der Gesellschafterversammlung, zwei Mitglieder von den Arbeitnehmern gewählt Der Gesellschafter Aker MH AS ist berechtigt, drei Aufsichtsratsmitglieder zur Wahl durch die Gesellschafterversammlung vorzuschlagen; sämtliche Gesellschafter werden ihr Stimmrecht im Sinne des Beschlussvorschlages von Aker MH AS ausüben. Die Gesellschafter Christopherus Kleuters und Wilfried Kröppen sind gemeinsam berechtigt, ein Aufsichtsratsmitglied zur Wahl durch die Gesellschaftercersarrirnhmg vorzuschlagen; sämtliche Gesellschafter werden ihr Stimmrecht im Sinne des Beschlussvorschlages von Christophorus Kleuters und Wilfried Kröppen ausüben.

(3) Die Wahl der Mitglieder erfolgt jeweils für die Zeit bis zur Beendigung der Gesellschafterversammlung, die über die Entlastung für das vierte Geschäftsjahr nach der Wahl beschließt; das Geschäftsjahr, in welchem die Amtszeit beginnt, wird nicht mitgerechnet. Eine Wiederwahl ist zulässig.

Scheidet ein Mitglied vor Ablauf seiner Amtszeit aus dem Aufsichtsrat aus, so kann eine Nachbestellung/Nachwahl nur für die restliche Amtszeit des ausgeschiedenen Mitglieds erfolgen.

(4) Jedes Mitglied des Aufsichtsrates kann sein Amt jederzeit durch schriftliche Erklärung gegenüber dem Aufsichtsratsvorsitzenden niederlegen.

(5) Der Aufsichtsrat wählt für die Dauer seiner Amtszeit einen Vorsitzenden und einen Stellvertreter. Die Amtszeit des Vorsitzenden und des Stellvertreters entspricht, soweit bei der Wahl nicht eine kürzere Amtszeit bestimmt wird, ihrer Amtszeit als Mitglieder des Aufsichtsrats. Scheiden im Laufe einer Wahlperiode der Vorsitzende oder sein Stellvertreter aus ihrem Amt aus, so hat der Aufsichtsrat unverzüglich eine Neuwahl vorzunehmen. Der stellvertretende Vorsitzende hat nur dann die Rechte und Pflichten des Vorsitzenden, wenn dieser verhindert ist.

(6) Der Aufsichtsrat kann sich im Rahmen der zwingenden gesetzlichen Vorschriften und der Bestimmungen dieser Satzung eine Geschäftsordnung geben.

§ 12
Aufsichtsratssitzungen / Beschlussfassung

(1) Die Sitzungen des Aufsichtsrats werden durch den Vorsitzenden mit einer Frist von vierzehn Tagen einberufen. Bei der Berechnung der Frist werden der Tag der Absendung der Einladung und der Tag der Sitzung nicht mitgerechnet Die Einberufung muss schriftlich oder per Fax erfolgen. In dringenden Fällen kann der Vorsitzende die Frist abkürzen.

(2) Die Beschlussfassung des Aufsichtsrats ist auch in einer Telefonkonferenz oder außerhalb von Sitzungen durch schriftliche, elektronische (§ 126a BGB), fernmündliche oder in Textform (§ 126b BGB) sowie per e-mail oder Fax erfolgende Stimmabgabe zulässig, wenn der Vorsitzende des Aufsichtsrats eine solche Beschlussfassung anordnet und kein Mitglied des Aufsichtsrats diesem Verfahren widerspricht.

(3) Der Aufsichtsrat ist beschlussfähig, wenn mindestens drei Mitglieder an der Beschlussfassung teilnehmen. Abwesende Mitglieder können dadurch an der Beschlussfassung teilnehmen, dass sie eine schriftliche Stimmabgabe durch ein anderes Aufsichtsratsmitglied überreichen lassen. Soweit sie von diesem Recht Gebrauch machen, werden sie als „anwesend" für die Herstellung der Beschlussfähigkeit angesehen.

(4) Der Aufsichtsrat fasst seine Beschlüsse mit der Mehrheit der abgegebenen Stimmen. Im Falle der Stimmengleichheit entscheidet die Stimme des Aufsichtsratsvorsitzenden.

(5) Der Vorsitzende oder - bei Verhinderung des Vorsitzenden - sein Stellvertreter ist ermächtigt, im Rahmen des Aufsichtsrats die zur Durchführung der Beschlüsse des Aufsichtsrats und seiner Ausschüsse erforderlichen Erklärungen abzugeben. Nur der Vorsitzende oder - bei Verhinderung des Vorsitzenden - sein Stellvertreter ist befugt, Erklärungen für den Aufsichtsrat entgegenzunehmen.

§ 13
Vergütung

Die Mitglieder des Aufsichtsrats erhalten Ersatz für ihre Auslagen. Die Gesellschafterversammlung kann ihnen eine besondere Vergütung zubilligen.

§ 14
Gesellschafterversammlung und -beschlüsse

(1) Gesellschafterversammlungen werden durch die Geschäftsführer einberufen.

(2) Die Einberufung erfolgt schriftlich oder per Fax mit einer Frist von mindestens einer Woche. Bei der Berechnung der Frist werden der Tag der Absendung der Einladung und der Tag der Gesellschafterversammlung nicht mitgerechnet.

(3) Den Vorsitz in der Gesellschafterversammlung führt der Gesellschafter mit dem größten Anteil am Stammkapital.

(4) Die Beschlüsse der Gesellschafter werden in Gesellschafterversammlungen gefasst. Die Beschlussfassung kann auch in einer Telefonkonferenz oder außerhalb einer Gesellschafterversammlung durch schriftliche, elektronische (§ 126a BGB), fernmündliche oder in Textform (§ 126b BGB), per Fax oder e-mail erfolgende Stimmabgabe stattfinden, wenn sämtliche Gesellschafter an der Beschlussfassung teilnehmen oder sich vor oder bei Beschlussfassung mit dem Verfahren einverstanden erklären.

(5) Eine Gesellschafterversammlung ist nur beschlussfähig, wenn mindestens 75,1 % des Stammkapitals vertreten sind. Sind weniger als 75,1 % des Stammkapitals vertreten, ist unter Beachtung von Absatz 2 unverzüglich eine neue Gesellschafterversammlung einzuberufen. Diese ist ohne Rücksicht auf die Zahl der vertretenen Stimmen beschlussfähig, falls hierauf in der Einberufung hingewiesen wurde.

(6) Gesellschafterbeschlüsse werden mit der Mehrheit der abgegebenen Stimmen gefasst, soweit das Gesetz oder dieser Gesellschaftsvertrag keine andere Mehrheit vorsieht. Je € 1,- eines Geschäftsanteils gewähren eine Stimme.

(7) Über Gesellschafterbeschlüsse ist von dem an der Beschlussfassung teilnehmenden Gesellschafter mit den meisten Stimmen für Dokumentationszwecke, nicht als Wirksamkeitsvoraussetzung, eine Niederschrift anzufertigen. Jedem Gesellschafter ist eine Kopie der Niederschrift zu übermitteln.

(8) Beschlüsse der Gesellschafter können nur innerhalb eines Monats seit Zugang der Niederschrift, spätestens sechs Monate nach Beschlussfassung klageweise angefochten werden.

C. Ausscheiden eines Gesellschafters § 15

§ 15
Ausschluss eines Gesellschafters / Einziehung

(1) Die Einziehung von Geschäftsanteilen mit Zustimmung des betroffenen Gesellschafters ist zulässig.

(2) Die Einziehung ohne Zustimmung des betroffenen Gesellschafters ist unzulässig, soweit sich nicht aus zwingenden gesetzlichen Bestimmungen etwas anderes ergibt (insbesondere bei Kündigung oder Ausschluss aus wichtigem Grund). Ein wichtiger Grund liegt insbesondere auch vor, wenn über das Vermögen eines Gesellschafters das Insolvenzverfahren eröffnet worden ist oder die Eröffnung des Verfahrens mangels Masse abgelehnt worden ist oder der Geschäftsanteil von einem Gläubiger des Gesellschafters gepfändet oder sonst wie in diesen vollstreckt wird und die Vollstreckungsmaßnahme nicht innerhalb von drei Monaten, spätestens bis zur Verwertung des Geschäftsanteils, aufgehoben wird.

(3) Der betroffene Gesellschafter hat Anspruch auf Abfindung nach Maßgabe von § 17 dieser Satzung.

§ 16
Abtretungsverlangen statt Einziehung

(1) Statt einer zulässigen Einziehung des Geschäftsanteils kann durch Gesellschafterbeschluss mit Mehrheit der abgegebenen Stimmen auch der Inhaber des Geschäftsanteils ausgeschlossen und sein Geschäftsanteil abgetreten werden. Im Falle eines Ausschlusses von Christopherus Kleuters oder Wilfried Kroppen erfolgt die Abtretung an Aker MH AS. Im Falle eines Ausschlusses von Aker MH AS erfolgt die Abtretung an die übrigen Gesellschafter im Verhältnis ihrer Kapitalbeteiligung. Die Abtretung erfolgt mit schuldrechtlicher Wirkung zwischen den Beteiligten zum Ende des Tages, an dem der betreffende Gesellschafterbeschluss gefasst wird. Die Abtretung ist nur wirksam bei Annahme durch den vorgesehenen Erwerber.

(2) § 15 Absatz 3 gilt entsprechend.

§ 17
Abfindung

(1) Die Einziehung (oder Abtretung) erfolgt gegen eine Abfindung. Die Abfindung entspricht der prozentualen Beteiligung des ausscheidenden Gesellschafters am Verkehrswert der Gesellschaft (wie in Absatz 2 dieses § 17 definiert) entsprechend seiner prozentualen Beteiligung am Stammkapital der Gesellschaft.

(2) Der Verkehrswert der Gesellschaft ist auf der Basis der seit dem 1. Januar 2009 zwischen den Gesellschaftern abgeschlossenen Kaufverträge auf 100% der Geschäftsanteile an der Gesellschaft zu berechnen.

(3) Das Abfindungsguthaben kann in Raten gezahlt werden. Die Höhe der Raten und die Zahlungszeitpunkte werden auf der Grundlage der seit dem 1. Januar 2009 zwischen den Gesellschaftern abgeschlossenen Kaufverträge festgelegt. Bei Ratenzahlung hat der Schuldner der Abfindung die Bürgschaft einer europäischen Bank beizubringen, die die Zahlung der ausstehenden Abfindung ab dem Tag des dinglichen Übergangs der betroffenen Anteile sichert.

D. Jahresabschluss und Sonstiges

§ 18
Jahresabschluss

(1) Innerhalb der ersten drei Monate des Geschäftsjahres haben die Geschäftsführer den Jahresabschluss (Bilanz nebst Gewinn- und Verlustrechnung samt Anhang) und den Lagebericht aufzustellen und dem Aufsichtsrat zusammen mit ihrem Gewinnverwendungsvorschlag zur Prüfung gem. § 171 AktG vorzulegen. Werden Jahresabschluss und Lagebericht durch einen Abschlussprüfer geprüft, so haben die Geschäftsführer dem Aufsichtsrat die genannten Unterlagen unverzüglich nach Eingang des Prüfungsberichts des Abschlussprüfers zusammen mit dem Prüfungsbericht vorzulegen.

(2) Die Geschäftsführer haben die in Abs. 1 genannten Unterlagen gleichzeitig mit der Vorlage beim Aufsichtsrat den Gesellschaftern zur Kenntnis vorzulegen. Sobald den Geschäftsführern der Bericht des Aufsichtsrats gemäß § 171 Abs. 2 AktG vorliegt, haben sie diesen den Gesellschaftern unverzüglich mit ihrer eigenen Stellungnahme zum Bericht des Aufsichtsrates zur Beschlussfassung über den Jahresabschluss und über die Ergebnisverwendung vorzulegen. Nach Ablauf einer dem Aufsichtsrat gemäß § 171 Abs. 3 S. 2 AktG gesetzten weiteren Frist haben die Geschäftsführer den Gesellschaftern unverzüglich mitzuteilen, dass der Jahresabschluss gemäß § 171 Abs. 3 S. 3 AktG als vom Aufsichtsrat nicht gebilligt gilt.

§ 19
Bekanntmachungen

Bekanntmachungen der Gesellschaft erfolgen nur im elektronischen Bundesanzeiger.

§ 20
Schlussbestimmungen

(1) Sollte eine der Vorschriften dieses Gesellschaftsvertrages unwirksam sein oder werden, wird hierdurch die Gültigkeit der übrigen Vertragsbestimmungen nicht berührt. Anstelle der unwirksamen Bestimmung ist eine wirksame Bestimmung zu vereinbaren, die dem von den Gesellschaftern Gewollten am nächsten kommt.

(2) Gleiches gilt im Fall einer Regelungslücke.

(3) Alle durch diese Urkunde veranlassten Kosten einschließlich ihres gerichtlichen Vollzugs trägt die Gesellschaft.

Bescheinigung gemäß § 54 GmbH-Gesetz

Die in dem vorstehenden Gesellschaftsvertrag geänderten Bestimmungen stimmen mit dem am heutigen Tag gefassten Beschluss über die Änderung des Gesellschaftsvertrages und die unveränderten Bestimmungen mit dem zuletzt zum Handelsregister eingereichten vollständigen Wortlaut des Gesellschaftsvertrages überein.

Erkelenz, den 23. September 2014

(Dr. Andreas Pützhoven, Notar)

DR. ANDREAS PÜTZHOVEN · NOTAR IN ERKELENZ ·

Government of Dubai

Issued Pursuant to UAE Law No. 2 of 1986 & Jebel Ali Free Zone Companies Implementing Regulations 2016

MEMORANDUM AND ARTICLES OF ASSOCIATION

of

MHWirth FZE

Incorporated on 17 April 2008 in the Jebel Ali Free Zone, Dubai, United Arab Emirates

(version 1.1)

FREE ZONE ESTABLISHMENT
MEMORANDUM OF ASSOCIATION
of
MHWirth FZE

1 **FZE NAME**

The name of the free zone establishment is 'MHWirth FZE' (the **FZE**).

2 **FZE REGISTERED ADDRESS**

The Registered address of the FZE will be situated in the Jebel Ali Free Zone and is 'Office FZJOAB1510 Jebel Ali JAFZA, Dubai UAE'.

3 **BUSINESS OBJECTIVES**

3.1 The business objectives for which the FZE is established are:

(a) Well Drilling Equipment Trading Oilfield & Natural Gas Equipment & Spare Parts Trading;

(b) to carry on all such business within the area of the Jebel Ali Free Zone as the Jebel Ali Free Zone Authority may permit under the terms of the licence issued in respect of the FZE; and

(c) to carry on any other trade or business which can be carried on by the FZE in connection with or as ancillary to any of the business objectives mentioned in this Clause 3 or the general business of the FZE.

4 **GENERAL**

4.1 This Memorandum of Association may not be amended, unless a resolution of the shareholder of the FZE is passed at a general meeting or in writing by the shareholder of the FZE, in person, or where proxies are allowed, by proxy.

4.2 The FZE shall have separate legal personality wholly distinct from that of its shareholder and the liability of the shareholder for the debts and obligations of the FZE shall be limited to the amount of the share capital of the FZE paid and payable by the relevant shareholder. To the extent that the shareholder has partly paid for shares in the share capital of the FZE, the relevant shareholder shall be liable for the paid and unpaid portion of the shares they hold in the share capital of the FZE.

I / We, the undersigned, am desirous of forming a free zone establishment pursuant to this Memorandum of Association.

Knut Abrahamsen

SIGNED by
Knut Abrahamsen
For and on behalf of
MHWirth AS

DATED: 10.10.2019

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FREE ZONE ESTABLISHMENT

ARTICLES OF ASSOCIATION

of

MHWirth FZE

1 INTRODUCTION

1.1 Any terms defined in these Articles shall have the meanings as set out in Schedule 1.

1.2 Unless the context otherwise requires, words or expressions contained in these Articles, shall have the same meaning as in the Implementing Regulations as in force on the date when these Articles become binding on the FZE.

2 CAPITAL AND SHARES

Share Capital 10 Million Dirhams

2.1 The capital of the FZE is 10 Shares with a value of AED 1,000,000 each. Each Share must be paid in full by the Shareholder when allotted, unless the Registrar authorises a Share to be partly paid.

Details of the Shareholder

2.2 The capital of the FZE is distributed as follows:

(a) **Name of Shareholder:** MHWirth AS

Nationality: Norwegian

Address: Butangen 20, 4639 Kristiansand Norway

Number of Shares: 10 (10 Million Dhs)

Percentage: 100%

2.3 Subject to the provisions of the Implementing Regulations and without prejudice to any rights, entitlements or restrictions attached to any existing Share, the FZE may issue Shares as may be determined by a Resolution.

Rights attached to Shares

2.4 Each Share:

(a) carries the right to vote at a General Meeting;

(b) represents a proportionate interest in the ownership of the FZE; and

(c) ranks equally with other Shares in all respects.

Changes to the Share Capital

2.5 The FZE may through a Resolution :

(a) increase the share capital of the FZE by issuing further Shares;

(b) consolidate and divide all or some of the Shares into:

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(i) a lesser number of Shares than before the consolidation, resulting in an increase in the value of each Share;

(ii) a greater number of Shares than before the consolidation, resulting in a decrease in the value of each Share;

provided the aggregate value of the Shares remains the same before and after the consolidation or division.

(c) issue Shares for consideration other than cash, as long as the value of the consideration other than cash is confirmed in writing by an auditor and the auditor is approved by the Registrar; and

(d) decrease the capital by:

(i) reducing the value of the shares, either by (i) reimbursing part of the value to the Shareholder; or (ii) absolving the Shareholder of the unpaid amount of their Shares, where the Registrar has permitted Shares to be partly paid; or

(ii) cancelling paid up capital, to reflect: (i) a loss sustained by the FZE; or (ii) where the available assets of the FZE no longer represent the capital,

provided the procedures as prescribed in the Implementing Regulations in order to decrease the capital are followed; and

(e) purchase its own Shares, as treasury shares, subject to the approval of the Registrar.

3 TRANSFER OF SHARES

3.1 The Shareholder may transfer his/its Shares in the FZE to a third party by virtue of an instrument of transfer in writing.

3.2 The instrument of transfer in writing shall be executed by the transferor and the transferee (or their duly authorised representatives) in front of a representative of the Authority and any other documents required by the Authority to register the transfer of shares shall be submitted to the Authority at the same time.

3.3 A transfer of the Shares shall not bind the FZE or any person until the date on which the transfer of Shares is registered in the Companies Register which is maintained by the Registrar.

4 TRANSMISSION OF SHARES

4.1 If the Shareholder dies, his personal representative shall be the only person recognised by the FZE as having title to the Shares.

4.2 A person becoming entitled to a Share in consequence of the death or bankruptcy of the Shareholder shall be registered as a Shareholder upon giving notice to the FZE and upon registration he shall have the same rights as the previous Shareholder.

4.3 At the time a person is registered as a Shareholder in the Companies Register, that person shall automatically agree to be bound by the Memorandum of Association and the Articles of Association of the FZE.

5 DIVIDENDS

Decision to Declare a Dividend

5.1 Subject to the Implementing Regulations, the FZE may by a decision of the Directors, declare dividends.

5.2 Unless the decision of the Director(s) to declare a dividend or the Resolution to pay a dividend specify otherwise, the dividend must be paid to the Shareholder on the date of the Resolution.

5.3 Where a dividend is declared or a distribution made, or the same is recommended to the Shareholder, the Directors must resolve that immediately after a dividend is declared or a distribution is made the FZE should, on reasonable grounds, be able to pay its debts as they become due in the normal course of business.

5.4 A dividend shall be recommended by the Directors to the Shareholder. The Shareholder may by a Resolution declare a dividend which is higher than the amount recommended by the Directors, however, such a dividend shall only be payable to the extent the Directors are able to provide the decision set out in Article 5.3 in respect of the dividend amount recommended by the Shareholder.

Distribution meaning

5.5 In this Article 5, "distribution" means the distribution of assets of the FZE to the Shareholder, including dividends, whether in cash or otherwise, except distribution by way of:

(a) an issue of bonus shares;

(b) redemption or purchase of the FZE's own Shares, out of the share capital or out of unrealised profits;

(c) reduction of share capital, by extinguishing or reducing the liability of a Shareholder on the Shares; and

(d) distribution of assets to the Shareholder on its winding up.

5.6 The Shareholder must return a distribution received from the FZE if the distribution has been made in contravention of this Article 5. Where the distribution received is in a form other than cash, the Shareholder must pay a sum equal to the value of the distribution.

Interim Dividends

5.7 Subject to the provisions of the Implementing Regulations, the FZE may, in accordance with a decision of the Directors, pay interim dividends if it appears to them that they are justified by the profits of the FZE available for distribution.

Payment of Dividends

5.8 Any dividend or other moneys payable in respect of a Share may be paid by cheque sent by post to the registered address of the Shareholder. Every cheque shall be made payable to the order of the Shareholder, or to such other person as the Shareholder may in writing direct, and payment of the cheque shall be a good discharge to the FZE.

General

5.9 No dividend or other moneys payable in respect of a Share shall bear interest.

5.10 Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the FZE. The amount of the dividend shall then be dealt with in accordance with the applicable Accounting Standards.

6 DIRECTORS AND MANAGEMENT

Powers of Directors

6.1 Subject to the matters that are required to be determined by the Shareholder at a General Meeting as provided in these Articles and the Implementing Regulations, the Directors are responsible for the management of the FZE's business, for which purpose they may exercise all of the powers of the FZE.

6.2 In the event the FZE proposes to create a security interest as permitted under the Implementing Regulations, to be issued by the FZE, the Directors shall have the power to register the security interest with the Registrar.

Appointment and Removal of Directors

6.3 The FZE shall have at least one (1) Director.

6.4 The first Director(s) shall be appointed by the Shareholder that incorporated the FZE. A Director may be appointed or removed, and any vacancy filled, by a Resolution.

6.5 The FZE shall have a secretary, who shall be appointed and removed by a Resolution (the **Secretary**). The offices of a Director and Secretary may be held jointly by a single person.

Conflict of Interest

6.6 If a Director has a direct or indirect interest in a transaction entered into or proposed to be entered into by the FZE or a Subsidiary of the FZE, which interest, to a material extent conflicts or may conflict with the interests of the FZE and of which conflict the Director is aware, the Director must disclose to the FZE the nature and extent of the interest.

6.7 The disclosure under Article 6.6 must be made by the Director in writing to the FZE, as soon as practicable after the Director becomes aware of the circumstances which gave rise to the duty of the Director to make the disclosure.

6.8 The transaction, in which a conflict arises as described in this Article 6 may still be authorised by the FZE. The Directors shall refer the transaction to a General Meeting and the Shareholder may by a Resolution confirm the transaction.

6.9 The FZE or the Shareholder may not claim a transaction to be void, or hold a Director accountable where:

(a) the transaction is confirmed by a Resolution; and

(b) the nature and extent of the Director's interest in the transaction was accurately disclosed in reasonable detail in the notice calling the General Meeting at which the resolution confirming the transaction is passed.

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Proceedings of Directors

6.10 To the extent that the FZE does not have more than one (1) Director, Articles 6.11 to 6.24 do not apply and the Director may take decisions without regard to Articles 6.11 to 6.24.

6.11 Any decision of the Directors must be either a majority decision at a meeting of the Directors or a decision taken in accordance with Article 6.12.

6.12 A decision of the directors is taken in accordance with this Article when all eligible Directors (entitled to vote on a matter if it had been proposed at a meeting) approve the form of a resolution in writing, copies of which have been signed by each eligible Director or to which each eligible Director has otherwise indicated agreement in writing.

Calling a Meeting

6.13 A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board.

6.14 Notice of any Directors' or Board meeting must indicate:

(a) its proposed date and time;

(b) where it is to take place;

(c) an agenda of items to be considered at the meeting;

(d) any supporting documents that should be considered before the meeting; and

(e) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

6.15 Notice of a Directors' meeting must be given to each Director in writing at least five (5) days from when the meeting is scheduled to take place, unless all of the eligible Directors (entitled to vote on a matter if it had been proposed at a meeting) approve to a shorter notice period.

Participation in Directors' meetings

6.16 Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

(a) the meeting has been called and takes place in accordance with these Articles, and

(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

6.17 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is located.

Quorum

6.18 The quorum for the transaction of the business of the board of Directors shall be two or any other number fixed by the Directors.

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6.19 If the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies in respect of employees of the FZE or of calling a General Meeting.

Alternate Director

6.20 Any Director may appoint any other Director or any other person approved by the Directors to act as his alternate and may remove the alternate Director so appointed. The alternate Director shall perform all the functions of his appointer as a Director only in the absence of the Director.

6.21 An alternate Director shall be given notice of all meetings of which his appointor is entitled to receive notice and is entitled to attend and vote at such meetings.

6.22 An alternate Director holds office for as long as his appointor holds office unless he is removed by written instrument by his appointor.

6.23 Any appointment or removal of an alternate Director shall be given to the Secretary of the FZE.

6.24 Unless otherwise provided, an alternate Director shall not be regarded as the agent of his appointor but shall be responsible for his acts or omissions.

Minutes

6.25 The Secretary shall cause minutes to be kept to record:

(a) all appointments of officers made by the Directors or Shareholder; and

(b) all proceedings at General Meetings of the FZE's Shareholder and of the Directors including the names of the Directors present at each such meeting.

6.26 The Secretary is authorised by the FZE to certify true copies of the minutes, or extracts of the minutes.

Manager

6.27 The FZE shall have a manager, whose name will be recorded in the Companies Register and appear on the licence of the FZE issued by the Authority (the **Manager**).

Appointment and Removal of the Manager

6.28 The position of a Manager may be held by the Shareholder, Director or the Secretary.

6.29 The Manager may be appointed or removed by a Resolution or by a decision of the Directors.

Powers of the Manager

6.30 The Manager is authorised and directed by the Shareholder to manage the day to day affairs of the FZE and undertake all activities required for that purpose including, but not limited to:

(a) the power to act for, in the name of and on behalf of the FZE;

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(b) deal with and do all things necessary with the Customs Authority, in order to clear any goods to be used by the FZE from the Customs Authority;

(c) deal with and do all things necessary with the relevant labour and immigration departments at the Authority in order to register and cancel the employment of any employees of the FZE as well as any other matters concerning the FZE, its employees and the immigration and labour departments;

(d) sign and execute any lease agreement to be entered into between the FZE and the Authority in respect of the premises to be leased by the FZE;

(e) liaise and deal with the Dubai Electricity & Water Authority, district cooling, du, Etisalat and any other utility companies, in respect of the supply of any utility services to the FZE; and

(f) sign and execute any application forms, letters, submissions or requests to the Authority or equivalent government authorities in any other jurisdiction.

7 GENERAL MEETINGS

7.1 The FZE shall hold a General Meeting as its annual General Meeting within eighteen (18) months from the date of the FZE's incorporation. A General Meeting shall then be held at least once every twelve (12) months thereafter.

7.2 Any meetings of the Shareholder which is not the annual General Meeting shall be referred to as an extra-ordinary General Meeting.

Calling a General Meeting

The Directors may call a General Meeting to consider a matter that the Directors determine requires consideration by the Shareholder. They must call a General Meeting, at least once every twelve (12) months in accordance with Article 7.1.

Notice of a General Meeting

7.3 A General Meeting shall be called by a notice in writing of at least fourteen (14) days and no more than two (2) months to the Shareholder, the Directors and the auditor. If a meeting is called by a shorter notice than fourteen (14) days, the meeting will be considered to be duly called if it is so agreed by the Shareholder.

7.4 The notice should:

(a) specify the time, place and date of the meeting;

(b) provide the agenda of the meeting;

(c) state the general nature of the business of the meeting;

(d) state the intention to propose a resolution, if any;

(e) permit the Shareholder to appoint a proxy who may attend and vote on its or his behalf; and

(f) include a copy of accounts and auditor's report, if relevant.

Quorum and Voting

7.5 A General Meeting of the FZE will be considered to be convened, and a resolution will be considered to be passed at such General Meeting, by the Shareholder issuing a decision in writing. If a decision is not taken in writing, the Shareholder may provide the FZE with a record in writing of the decision.

Proxy

7.6 The Shareholder is entitled to appoint a proxy for the purposes of representing and voting on its or his behalf at a General Meeting. The instrument of proxy and form of notice to be provided to the FZE for the purposes of appointing a proxy, shall be in the form prescribed in the Implementing Regulations.

Minutes

7.7 Minutes of General Meetings shall be prepared summarising all decisions which have taken place at, as well as the decisions taken by, the General Meeting. The minutes shall be entered in a special register, be signed by the Shareholder and be kept at the FZE's head office.

7.8 The Shareholder may have access to the register referred to in Article 7.7, either personally or by his/its duly authorised representative, and he/it may also review the balance sheet, the profit and loss account and the annual report of the FZE.

8 ACCOUNTS

Requirement to prepare Accounts

8.1 The accounts of the FZE must be approved by the Directors and must be examined and reported on by an auditor. Once the accounts are approved and examined, the Manager must sign the accounts.

8.2 The Directors must, for each financial year, lay before a General Meeting:

(a) the accounts of the FZE, as approved by the Directors and signed by the Manager; and

(b) the report of the auditor,

in order for the Shareholder to consider and if deemed appropriate, approve the accounts of the FZE for the relevant financial year.

8.3 If the Shareholder passes a resolution in writing or at a General Meeting in respect of a particular financial year, that:

(a) no accounts or auditor's report should be laid before a General Meeting for that financial year; or

(b) no auditor should be appointed, subject to the approval of the Registrar,

the requirement to lay the accounts and the auditor's report before a General Meeting or appointing the auditor, will be waived until the commencement of the next financial year.

Auditor Appointment

8.4 The Registrar shall maintain a list of approved auditors and the FZE must appoint an auditor from the list for the purposes for which the auditor is required under the Implementing Regulations. The FZE may appoint more than one auditor.

8.5 The Shareholder may appoint an auditor. If no appointment is made, the existing auditor's term will be extended until a successor is appointed.

8.6 An auditor shall have the right to access the records of the FZE that may be required for the audit. The FZE shall provide all information the auditor considers necessary in order to complete its audit.

8.7 An auditor is entitled to receive notice of a General Meeting and to attend a General Meeting in respect of an agenda item that is in relation to a matter that the auditor may be concerned with.

9 SECURITY INTERESTS

Share Pledge

9.1 The Shareholder may pledge all or any of its or his Shares owned by the Shareholder to a bank or financial institution in respect of a debt or obligation of the Shareholder, the FZE or any other person, by virtue of a written instrument, signed by the Shareholder and the relevant bank of financial institution, in a form approved by the Registrar.

Other Security Interests

9.2 The Directors may by a resolution of the Directors at a Board meeting, approve of the FZE granting as security for a debt or obligation of the FZE or any other person:

(a) a conditional assignment of a lease agreement entered into by the FZE, in favour of any person;

(b) a mortgage over a building created pursuant to Law no. 1 of 2002 Mortgage of Immovable Property Erected at Jebel Ali Free Zone, issued by Maktoum Bin Rashid Al Maktoum, Ruler of Dubai, in favour of a bank or financial institution;

(c) a pledge over the FZE's movable assets, in favour of any person; or

(d) any other security interest available under the laws of the UAE, in favour of any person, and as permitted by the Registrar.

9.3 The instrument creating the security interest pursuant to Article 9.2, shall be in a form approved by the Registrar. The security interest shall be created at the time the instrument creating the security interest is entered into the security register maintained by the Registrar.

10 WINDING UP

10.1 The FZE may be wound up:

(a) by the Registrar; or

(b) voluntarily, by a Resolution.

10.2 The FZE may be wound up in any one of the following cases:

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(a) the period fixed for the duration of the FZE has expired;

(b) when an event as prescribed in these Articles takes place, which results in the FZE being required to be wound up; or

(c) the Shareholder at a General Meeting, by a Resolution, resolves for the FZE to be wound up voluntarily.

10.3 Subject to the Implementing Regulations, if the FZE is to be wound up voluntarily, the Shareholder may by a Resolution, appoint one or more auditors as liquidators, whose appointment shall be notified to the Registrar.

11 **MISCELLANEOUS**

11.1 Subject to the prior approval of the Authority or the Registrar, the Shareholder may by a Resolution, alter, cancel, supplement, or vary any or all of these Articles, as it may consider appropriate from time to time.

11.2 The FZE shall comply with:

(a) the Memorandum and Articles of Association of the FZE;

(b) the Implementing Regulations;

(c) the provisions of Federal Law No (2) of 2015, as applied by the Registrar; and

(d) the terms of the licence issued by the Authority to the FZE.

11.3 Any dispute or claim arises which is in any way connected with the Memorandum of Association of the FZE or this Articles of Association of the FZE shall be referred to the Dubai Courts.

11.4 Matters not provided for in this Memorandum of Association of the FZE or this Articles of Association shall be subject to the Implementing Regulations and the provisions of the UAE Federal Law No. (2) of 2015 as applied at the discretion of the Registrar.

I / We, the undersigned, am desirous of forming a free zone establishment pursuant to this Articles of Association and agree to be bound by these Articles of Association.

SIGNED by
Knut Abrahamsen
For and on behalf of
MHWirth AS

DATED: 10.10.2019

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Schedule 1 – Definitions

1 In these Articles, the following terms shall have the meanings set opposite:

'Accounting Standards'	means the International Financial Reporting Standards issued by the International Accounting Standards Board;
'AED'	means UAE Dirhams, the lawful currency of the UAE;
'Articles'	means these articles of association of the FZE;
'Authority'	means the Jebel Ali Free Zone Authority;
'Board'	means the board of Directors;
'Companies Register'	means the register of companies maintained by the Registrar;
'Customs Authority'	means Dubai Customs;
'Directors'	means the directors of the FZE;
'FZE'	means the company to be incorporated by the Shareholder pursuant to this Memorandum;
'General Meeting'	means a general meeting of the Shareholder duly convened in accordance with the provisions of these Articles;
'Implementing Regulations'	means the Jebel Ali Free Zone Companies Implementing Regulations 2016;
'Manager'	has the meaning given to it in Clause 6.27;
'Secretary'	has the meaning given to it in Article 6.5;
'Shares'	means shares in the capital of the FZE;
'Shareholder'	means the shareholder of the FZE, particulars of which are set out in Article 2.2;
'Subsidiary'	means a body corporate: fifty per cent (50%) of whose directors can be elected by another company; or whose majority voting rights are directly or indirectly controlled or owned by another company.
'Registrar'	means the person appointed as Registrar of companies pursuant to the Implementing Regulations;
'Resolution'	means a resolution passed at a General Meeting by the Shareholder in person, or where proxies are

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	allowed, by proxy or a resolution in writing signed by the Shareholder or its authorised representative; and
'UAE'	means the United Arab Emirates.

2 In these Articles, unless the context otherwise requires:

(a) words in the singular shall include the plural and vice versa and words importing any gender includes every gender;

(b) words relating to natural persons shall include companies, entities, associations or bodies of persons whether incorporated or not;

(c) references to month, monthly and year and any other references in time shall be construed by reference to the Gregorian calendar;

(d) references to times of day are, unless the context requires otherwise, to the time in the UAE and references to a day are to a period of 24 hours running from midnight on the previous day;

(e) references to any legislation or legislative provision is a reference to it as amended or extended from time to time, or as replaced with equivalent or similar provisions;

(f) references to periods of time as being given from a given day, or day on which an act or event occurs, are to be calculated inclusive of that day; and

(g) references to any legislation or legislative provision is a reference to it as amended or extended from time to time, or as replaced with equivalent or similar provisions.

3 The headings in these Articles are for convenience only and shall not affect its interpretation.

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WESTBROEK

The undersigned:

Corstiaan Anne Voogt, civil law notary in Amsterdam, declares with respect to the articles of association (the "**Articles of Association**") of the private limited liability company **HMH Holding B.V.**, with corporate seat in Amsterdam, the Netherlands, formerly named: **MHH Holding B.V.** (the "**Company**") as follows:

(i) the Articles of Association correspond with the document in the Dutch language which is attached to this declaration;

(ii) the document in the English language attached to this declaration is an unofficial translation of the Articles of Association; if differences occur in the translation, the Dutch text will govern by law; and

(iii) the Articles of Association were most recently amended by deed (the "**Deed**") executed on 17 February 2022 before C.A. Voogt, civil law notary in Amsterdam, the Netherlands.

When issuing the statements included above under (i) and (iii) I, C.A. Voogt, civil law notary, based any observations entirely on the information stated in the extract from the Trade Register of the registration of the Company and on an official copy of the Deed.

Signed in Amsterdam on 17 February 2022.

mr. C.A. VOOGT
NOTARIS TE AMSTERDAM

ARTICLES OF ASSOCIATION

of:

HMH Holding B.V.

with corporate seat in Amsterdam

dated 17 February 2022

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these articles of association:

"**Bear Director**" means a managing director designated as Bear Director;

"**Bear Shares**" means the Bear Shares A and the Bear Shares B jointly;

"**Bear Shares A**" means the Shares A indicated as Bear Shares A;

"**Bear Shares A Meeting**" means the meeting of holders of Bear Shares A;

"**Bear Shares A Profit Reserve**" means the profit reserve referred to in article 11.2.4(a);

"**Bear Shares B**" means the Shares B indicated as Bear Shares B;

"**Bear Shares B Meeting**" means the meeting of holders of Bear Shares B;

"**Bear Shares B Profit Reserve**" means the profit reserve referred to in article 11.2.4(b);

"**Bear Shares Meeting**" means the meeting of holders of Bear Shares, being the Bear Shares A Meeting and Bear Shares B Meeting jointly;

"**BW**" means the Dutch Civil Code (*Burgerlijk Wetboek*);

"**Chairperson**" means the Independent Director designated as Chairperson by the management board in accordance with article 8.3.2, third sentence;

"**Company**" means the private limited liability company organised as set out in these articles of association;

"**General Meeting**" means the corporate body that consists of all Persons Entitled to Vote, or the meeting in which Persons Entitled to Attend General Meetings assemble;

"**Independent Director**" means a managing director designated as Independent Director;

"**Meeting Rights**" means the right to attend and speak at the General Meeting or, in the case of a meeting of holders of shares of a specific class or indication, the meeting of holders of those shares, either in person or by a proxy authorised in writing;

"**Non-U.S. Operations**" means the operations of the Company and its Subsidiaries organised in jurisdictions other than the United States of America;

"**Non-U.S. Results**" means the results of the Company that are attributable to the Non-U.S. Operations;

"**Ownership Requirement**" means the ownership requirement referred to in article 3.2.1, first sentence;

"**Persons Entitled to Attend General Meetings**" means shareholders, pledgees with Meeting Rights, and usufructuaries with Meeting Rights;

"**Persons Entitled to Vote**" means shareholders with voting rights at the General Meeting, pledgees with voting rights at the General Meeting, and usufructuaries with voting rights at the General Meeting, or where the meeting of holders of shares of a specific class or indication adopts resolutions, with voting rights at that meeting;

"**Results**" means the U.S. Results and the Non-U.S. Results;

"Shareholders' Agreement" means the shareholders' agreement in relation to the Company entered into by the Company's shareholders, on or about the first day of October two thousand and twenty-one, as amended from time to time, and which agreement shall be deposited at the Company's offices (i) for full inspection by the Company's shareholders and managing directors, and (ii) for full or partial inspection, at the discretion of the management board, by third parties if and insofar as, in the opinion of the management board, this is reasonably in the interest of understanding the Company's organisation. Third parties that are not a party to the Shareholders' Agreement cannot derive any rights from and have no obligations under said agreement or any provisions of these articles of association arising from the Shareholders' Agreement;
"Shares A" means class A ordinary shares in the Company's share capital, comprising the Bear Shares A and the Titan Shares A;
"Shares A Meeting" means the meeting of holders of Shares A;
"Shares B" means class B ordinary shares in the Company's share capital, comprising the Bear Shares B and the Titan Shares B;
"Shares B Meeting" means the meeting of holders of Shares B;
"Subsidiary" means a subsidiary as referred to in article 2:24a BW;
"Titan Director" means a managing director designated as Titan Director;
"Titan Shares" means the Titan Shares A and the Titan Shares B jointly;
"Titan Shares A" means the Shares A indicated as Titan Shares A;
"Titan Shares A Meeting" means the meeting of holders of Titan Shares A;
"Titan Shares A Profit Reserve" means the profit reserve referred to in article 11.2.4(c);
"Titan Shares B" means the Shares B indicated as Titan Shares B;
"Titan Shares B Meeting" means the meeting of holders of Titan Shares B;
"Titan Shares B Profit Reserve" means the profit reserve referred to in article 11.2.4(d);
"Titan Shares Meeting" means the meeting of holders of Titan Shares, being the Titan Shares A Meeting and Titan Shares B Meeting jointly;
"Transferor" a shareholder who wants to transfer or shall offer his shares;
"U.S. Operations" means the operations of the Company's Subsidiaries organised in the United States of America; and
"U.S. Results" means the results of the Company that are attributable to the U.S. Operations.

1.2 Interpretation

1.2.1 The management board, the General Meeting, the Shares A Meeting, the Shares B Meeting, the Bear Shares Meeting, the Titan Shares Meeting, the Bear Shares A Meeting, the Titan Shares A Meeting, the Bear Shares B Meeting and the Titan Shares B Meeting each constitute a distinct body of the Company.

1.2.2 The Shares A and the Shares B each form a separate class of shares in the Company's share capital. The Bear Shares A, the Titan Shares A, the Bear Shares B and the Titan Shares B each constitute shares of a specific indication (*aanduiding*).

1.2.3 Wherever in these articles of association reference is made to the meeting of holders of shares of a particular class or indication this shall be understood to mean the body of the Company consisting of the person or persons to whom, as a holder of shares of the relevant class or indication or otherwise, voting rights attached to shares of the relevant class or indication accrue, or (as the case may be) a meeting of such persons (or their representatives).

1.2.4 References to "articles" refer to articles that are part of these articles of association, except where expressly indicated otherwise.

1.2.5 References to one gender include all genders and references to the singular include the plural and vice versa.

2 NAME, SEAT AND OBJECTS

2.1 Name and seat

2.1.1 The name of the Company is: **HMH Holding B.V.**

2.1.2 The Company's seat is in Amsterdam.

2.2 Objects

The objects of the Company are:

(a) to incorporate, to in any manner participate or take any other interest in, to manage and to supervise businesses and companies of whatever nature;

(b) to give advice and to provide services to businesses and companies with which the Company is affiliated;

(c) to finance businesses and companies with which the Company is affiliated;

(d) to borrow and to raise funds, including the issuing of bonds, debentures or other securities, and to enter into related agreements; and

(e) to issue guarantees, to commit the Company and to encumber the assets of the Company for the benefit of businesses, companies and other legal entities with which the Company is affiliated in a group and for the benefit of third parties,

as well as any and all things that are related or may be conducive to the above, all of this in the broadest sense of the word.

3 CAPITAL, OWNERSHIP REQUIREMENT AND ISSUE OF SHARES

3.1 Capital and shares

3.1.1 The share capital of the Company consists of:

(a) one or more Shares A with a nominal value of one euro (EUR 1) each, which shares have the following indication (*aanduiding*) and numbering:

(i) Bear Shares A, which are numbered from Bear A1 onwards; or

(ii) Titan Shares A, which are numbered from Titan A1 onwards; and

(b) one or more Shares B with a nominal value of one euro (EUR 1) each, which shares have the following indication (*aanduiding*) and numbering:

(i) Bear Shares B, which are numbered from Bear B1 onwards; or

(ii) Titan Shares B, which are numbered from Titan B1 onwards.

3.1.2 Shares are in registered form. No share certificates are issued.

3.2 Ownership requirement

3.2.1 Unless the Company has a sole shareholder, shareholders, other than the Company or a Subsidiary, may only be persons who are a party to or have adhered to the Shareholders' Agreement. In deviation from the preceding sentence, shareholders may also be those persons who have been exempted from fulfilling the Ownership Requirement by a resolution of the General Meeting.

3.2.2 If and as long as a shareholder fails to fulfil and is not exempted by the General Meeting from fulfilling the Ownership Requirement, the Meeting Rights and the voting rights attached to the shareholder's shares and the rights to receive dividends, payments, repayments or any other distributions from the Company on such shares shall be suspended.

3.2.3 The suspension of Meeting Rights and voting rights referred to in article 3.2.2 ends if the effect of the suspension is that voting rights cannot be exercised on any of the shares. Furthermore, the suspension of all rights referred to in article 3.2.2 ends in respect of a pledged share if and for as long as the voting right attached to that pledged share can be exercised by the pledgee following a transfer of the voting right in accordance with article 6.2.2.

3.2.4 If and as long as a shareholder fails to fulfil and is not exempted by the General Meeting from fulfilling the Ownership Requirement, the shareholder concerned must request the Company to designate one (1) or more prospective purchasers for all of his shares. The Company shall be required to, within three (3) months of receipt of the request referred to in the preceding sentence, designate one (1) or more persons who do fulfil or have been exempted from fulfilling the Ownership Requirement and who are willing and able to purchase all the shares held by the requesting person. The shareholder and the designated prospective purchaser(s) shall determine the price of the shares. Failing such agreement, the price shall be determined by an independent expert to be appointed by the designated prospective purchaser(s) and the shareholder by mutual agreement. If the designated prospective purchaser(s) and the shareholder do not reach agreement on the appointment of an independent expert within twenty (20) days after the start of the discussions, each of the prospective purchaser(s) and the shareholder have the right to defer to the chairman of the Royal Dutch Association of Civil-law Notaries (*Koninklijke Notariële Beroepsorganisatie*) to appoint an expert.

3.2.5 If a designation, as referred to in the second sentence of article 3.2.4, is not made or not made in due time, or if due to circumstances beyond his control, not all the shares are purchased from the requesting person, such shareholder:

(a) shall be irrevocably exempted from the Ownership Requirement and the suspension of the shareholders' rights referred to in article 3.2.2 shall end; and

(b) must offer all of his (remaining) shares to one (1) or more persons who do fulfil or have been exempted from fulfilling the Ownership Requirement in accordance with article 7.3.

3.2.6 If a shareholder does not submit a request as referred to in the first sentence of article 3.2.4 within three (3) months after he ceased to comply with, without being exempted from, the Ownership Requirement, or if a shareholder who must offer his shares in accordance with article 3.2.5(b) has not made the offer as referred to in article 7.3 within one (1) month from the moment the exemption referred to in article 3.2.5(a) entered into effect, the Company is irrevocably authorised to, within one (1) month, designate one (1) or more prospective purchasers for all of such shareholder's shares and to transfer the shares.

3.3 Issue of shares

3.3.1 The management board resolves on the issue of shares and determines the issue price, as well as the other terms and conditions of the issue.

3.3.2 Article 3.3.1 applies equally if rights to subscribe for shares are granted, but not if shares are issued to a person exercising a right to subscribe for shares.

3.3.3 Shares may not be issued at an issue price below the nominal value of the shares.

3.3.4 Shares are issued by notarial deed.

3.4 Pre-emptive rights

Subject to the provisions in the Shareholders' Agreement, which shall be complied with, a shareholder has no pre-emptive rights if shares are issued or rights to subscribe for shares are granted.

4 OWN SHARES AND CAPITAL REDUCTION

4.1 Acquisition and disposal of own shares

4.1.1 The management board resolves on the acquisition by the Company of fully paid-up shares or depositary receipts for fully paid-up shares. Acquisition by the Company of not fully paid-up shares or depositary receipts for not fully paid-up shares is void.

4.1.2 Article 3.3.1 equally applies if the Company disposes of own shares, except that the disposal may be made at a price below the nominal value of the shares. The share transfer restrictions referred to in article 7.2 (*Transfer of shares in accordance with the Shareholders' Agreement*) will not apply.

4.2 Capital reduction

4.2.1 The General Meeting may resolve to reduce the issued share capital.

4.2.2 The issued share capital may be reduced by an amendment of the articles of association reducing the nominal value of shares or by cancelling shares.

5 SHAREHOLDERS REGISTER, NOTICES OF MEETINGS AND NOTIFICATIONS

5.1 Shareholders register

5.1.1 The management board shall keep a shareholders register as referred to in article 2:194 BW.

5.1.2 The management board shall make the shareholders register available at the Company's office for inspection by the Persons Entitled to Attend General Meetings.

5.2 Notices of meetings and notifications

5.2.1 Notices of meetings and notifications to Persons Entitled to Attend General Meetings must be in writing and sent to the addresses stated in the shareholders register. If a Person Entitled to Attend General Meetings consents, notices of meetings and notifications may be sent to that person by email.

5.2.2 Notifications to the management board must be in writing and sent to the Company's address, or by email to the address provided for this purpose.

6 DEPOSITARY RECEIPTS FOR SHARES AND LIMITED RIGHTS TO SHARES

6.1 Depositary receipts for shares

Meeting Rights may not be attached to depositary receipts for shares.

6.2 Right of pledge

6.2.1 Shares may be pledged.

6.2.2 The pledgee has the voting rights attached to pledged shares if this was agreed in writing when the right of pledge was created or at a later date and the pledgee is a person to whom the shares can be freely transferred or if the General Meeting has approved the grant of voting rights and - if another person succeeds to the rights of the pledgee - the transfer of the voting rights.

6.2.3 Only pledgees with voting rights have Meeting Rights. Shareholders who do not have voting rights as a result of a share pledge, do have Meeting Rights.

7 TRANSFER OF SHARES AND SHARE TRANSFER RESTRICTIONS

7.1 Transfer of shares

7.1.1 The transfer of shares or of a right of usufruct on shares, the creation or release of a right of usufruct on shares, and the creation of a right of pledge on shares must be effected by notarial deed. The transfer of depositary receipts for shares and the release of a right of pledge on shares may be effected by private instrument. The pledgee and the pledgor must inform the Company of the release of a right of pledge.

7.1.2 The provisions of articles 7.2 up to and including article 7.7 apply to a transfer of shares. In deviation from the preceding sentence, the provisions of articles 7.2 up to and including article 7.7 and article 2:195 BW do not apply to a transfer of shares in the context of the enforcement of a right of pledge on such shares in accordance with article 3:248 BW.

7.2 Transfer of shares in accordance with the Shareholders' Agreement

The transfer of one or more shares by a shareholder who is a party to the Shareholders' Agreement may only take place in accordance with the Shareholders' Agreement. Such a transfer of shares is not subject to the share transfer restrictions as referred to in articles 7.3 through 7.7 or article 2:195 BW.

7.3 Transfer of shares not in accordance with the Shareholders' Agreement

7.3.1 A shareholder who wishes to transfer one or more shares but who is not or no longer a party to the Shareholders' Agreement, shall first offer his shares to the other shareholders; the Company is only designated as a shareholder if the Transferor agrees to this. The restrictions and rules referred to in article 7.4 through article 7.7 apply.

7.3.2 Article 7.3.1 does not apply to a transfer of shares to a designated prospective purchaser in accordance with article 3.2.4 or article 3.2.6.

7.4 Offer to the other shareholders: procedure

7.4.1 A Transferor notifies the management board that he wants to transfer shares. In this notification, the Transferor shall indicate:

(a) the number of shares he wants to transfer;
(b) the class and/or indication and reference of those shares, if applicable; and
(c) the persons who he wants to transfer those shares to.

7.4.2 The management board ensures that the other shareholders are notified of the Transferor's offer within seven (7) days of receiving the notification referred to in article 7.4.1.

7.4.3 The Transferor and the other shareholders are then given the opportunity to consult each other about the purchase of the shares and the price. As soon as they reach agreement, a purchase agreement will be concluded. If they do not reach agreement within twenty (20) days, articles 7.5 through 7.7 will apply.

7.5 Offer to the other shareholders: determining the price

7.5.1 The Transferor and the management board shall consult each other to designate an independent expert. If they fail to reach agreement on this, the independent expert will be designated by the chairman of the Royal Dutch Association of Civil-law Notaries (*Koninklijke Notariële Beroepsorganisatie*). The independent expert determines the price of the shares.

7.5.2 Within ten (10) days of the independent expert's notification of the price to the Transferor and the management board, the management board notifies the other shareholders. In this notification, the management board shall indicate:

(a) the Transferor's name;
(b) the persons who the Transferor wants to transfer the shares to;
(c) the number of shares the Transferor wants to transfer;
(d) the class and reference of those shares, if applicable; and
(e) the price determined by the independent expert.

7.5.3 Shareholders who want to purchase shares shall notify the management board of their intention, specifying the number of shares they want to purchase, within thirty (30) days of receiving the notification referred to in article 7.5.2.

7.5.4 Ten (10) days after the period referred to in article 7.5.3 has expired, the management board notifies the Transferor whether there are any prospective purchasers among the other shareholders and how many shares they would like to purchase.

7.5.5 After the management board's notification referred to in article 7.5.4, the Transferor has thirty (30) days to decide whether to sell his shares to the prospective purchasers.

7.5.6 The costs of determining the price are paid by the Transferor.

7.5.7 If the Transferor does not withdraw his offer, and if there are prospective purchasers for all the shares that are on offer, a purchase agreement will be concluded.

7.5.8 If the other shareholders are unwilling to purchase all the shares that are on offer, the Transferor may transfer all the shares, within ninety (90) days, to the persons referred to in the notification as referred to in article 7.5.1, for at least the same price and subject to the same conditions on which the other shareholders could have purchased the shares.

7.5.9 The Transferor shall transfer the shares within twenty (20) days after the expiry of the period referred to in article 7.5.5. The prospective purchasers shall simultaneously pay the price of the shares in cash to the Transferor.

7.6 Offer to the other shareholders: default of prospective purchaser

7.6.1 If a prospective purchaser has defaulted on payment, the Transferor may terminate the purchase agreement by notifying the management board within fifteen (15) days from when the default began. The management board immediately notifies the prospective purchaser of this fact.

7.6.2 If there are no other prospective purchasers, the Transferor may, within ninety (90) days of the notification in article 7.6.1, transfer all his offered shares (and not some of them) to the persons indicated in the notification referred to in article 7.4.1.

7.6.3 If there are other prospective purchasers who did pay, the unpaid shares will be deemed to have been offered to those prospective purchasers. The management board shall notify the prospective purchasers of this fact as soon as possible.

7.6.4 If not all unpaid shares have been purchased by the prospective purchasers within twenty (20) days of the notification referred to in article 7.6.3, the Transferor may transfer those unpaid shares to the persons indicated in the notification referred to in article 7.4.1 within ninety (90) days of the end of the twenty-day period mentioned above.

7.7 Offer to the other shareholders: default of Transferor

7.7.1 If the Transferor defaults on the transfer of the shares, the Company is irrevocably authorised to transfer the shares.

7.7.2 The Company shall proceed to transfer the shares on the basis of article 7.7.1 within ten (10) days after the right holder to the shares makes such a request to the Company.

8 MANAGEMENT

8.1 Appointment, suspension, dismissal, inability to act and vacancy

8.1.1 The Company is managed by the management board. If the Company has one (1) shareholder, the number of managing directors is determined by the General Meeting. If the Company has more than one (1) shareholder, the number of managing directors is determined by the management board. In such instance, the management board must consist of at least one (1) Independent Director, and may consist of one (1) or more Bear Directors and one (1) or more Titan Directors.

8.1.2 The General Meeting appoints the managing directors. The General Meeting may suspend and dismiss managing directors.

8.1.3 If any managing director positions are vacant or any managing directors are unable to act, the remaining managing director or directors shall manage the Company. If all managing director positions are vacant or all managing directors are unable to act, a person designated for that purpose by the General Meeting shall temporarily manage the Company. If all managing director positions are vacant, that person shall as soon as possible take the necessary measures to make definitive arrangements. "Unable to act" means a managing director is temporarily unable to perform his duties as a result of:

(a) suspension;

(b) illness; or

(c) inaccessibility.

8.2 Remuneration

The General Meeting determines the remuneration and other terms which apply to the managing directors. Reasonable out-of-pocket costs incurred by the managing directors in connection with the performance of their duties as a managing director of the Company will be reimbursed by the Company.

8.3 Internal organisation and adoption of resolutions

8.3.1 The management board may adopt written rules governing its internal proceedings.Subject to the approval of the General Meeting, the managing directors may also divide their duties, in rules or otherwise. Furthermore, the management board may grant titles to individual managing directors.

8.3.2 The management board meets whenever a managing director deems it necessary. The management board designates an Independent Director as Chairperson. The Chairperson presides the management board meetings. If the Chairperson is absent, one of the other managing directors, designated by the managing directors present at the meeting concerned, shall preside, but shall not otherwise have any of the other rights of the Chairperson set forth in the Shareholders' Agreement or in articles 8.3.6 and 9.3.1.

8.3.3 All managing directors, save for the Chairperson, may be represented at a meeting by another managing director who is entitled to vote and who has been authorised in writing.

8.3.4 Each managing director has the right to cast one (1) vote, unless the following two (2) sentences, or either of them, apply. If two (2) Bear Directors are in office, but only one (1) of them is present or represented at a meeting, the Bear Director present or represented shall be entitled to cast two (2) votes, provided that at least two (2) votes can also be cast by or on behalf of other managing directors. If two (2) Titan Directors are in office, but only one (1) of them is present or represented at a meeting, the Titan Director present or represented shall be entitled to cast two (2) votes, provided that at least two (2) votes can also be cast by or on behalf of other managing directors.

8.3.5 Resolutions can only be validly adopted at a management board meeting if at least the majority of the managing directors in office and entitled to vote is present or represented, provided that, such majority comprises at least one (1) Bear Director, to the extent any Bear Directors are in office, and at least one (1) Titan Director, to the extent any Titan Directors are in office.

8.3.6 The management board adopts its resolutions by an absolute majority of votes cast. In a tie vote, the Chairperson will decide, or, if the Chairperson is absent, the resolution will be rejected.

8.3.7 If a managing director has a direct or indirect personal conflict of interest with the Company and its business, he may not participate in the management board's deliberations and decision-making on that subject, and does not qualify as a managing director entitled to vote on the subject. If no resolution of the management board can be adopted as a result, the General Meeting adopts the resolution.

8.3.8 The management board may also adopt resolutions without holding a meeting, provided that these resolutions are adopted in writing or by reproducible electronic communication and all managing directors entitled to vote have consented to adopting the resolution outside a meeting. Articles 8.3.6 and 8.3.7 equally apply to adoption by the management board of resolutions without holding a meeting.

8.3.9 The General Meeting may make management board resolutions subject to its approval or the approval of the Bear Shares Meeting and/or the Titan Shares Meeting, provided that those resolutions have been clearly specified and notified to the management board. The absence of the approval by the General Meeting, the Bear Shares Meeting and/or the Titan Shares Meeting of a management board resolution does not affect the authority of the management board to represent the Company.

8.3.10 The management board may not file for bankruptcy of the Company without a mandate from the General Meeting.

8.3.11 The management board shall adhere to the directions of the General Meeting, unless the directions are contrary to the interests of the Company and its business.

8.4 Representation

8.4.1 The entire management board represents the Company (towards third parties). This authority to represent the Company is also vested in:

(a) two (2) Independent Directors acting jointly;

(b) an Independent Director acting jointly with either a Bear Director or a Titan Director; or

(c) a Bear Director and a Titan Director acting jointly.

8.4.2 The management board may grant power to represent the Company (*procuratie*) or any other power to represent the Company on a continuing basis to one or more individuals whether or not employed by the Company. The management board may grant titles to the individuals referred to in the preceding sentence.

9 GENERAL MEETING, MEETING OF HOLDERS OF SHARES OF A SPECIFIC CLASS

9.1 Annual General Meeting

9.1.1 At least one General Meeting must be held during the Company's financial year, unless the matters referred to in article 9.1.2 have been resolved on without holding a meeting in accordance with article 9.5 (*Resolutions without holding a meeting*).

9.1.2 The agenda for the annual General Meeting must include the following items:

(a) if article 2:391 BW applies to the Company, the deliberations on the management report;

(b) the adoption of the annual accounts;

(c) the allocation of profits; and

(d) the discharge of managing directors in office in the preceding financial year for their management in that financial year.

9.1.3 The items referred to in article 9.1.2 do not need to be included on the agenda if the deadline for preparing the annual accounts and, if applicable, presenting the management report has been extended or if the agenda includes a proposal to that effect.

9.1.4 A General Meeting must furthermore be convened whenever the management board, a shareholder or a Person Entitled to Vote deems it necessary.

9.2 Location and notice of meetings

9.2.1 General Meetings are held in the municipality where the Company has its seat, or in Rotterdam, the Hague, Utrecht, Eindhoven and the municipality of Haarlemmermeer (Schiphol Airport), the Netherlands.

9.2.2 The management board, a managing director or a Person Entitled to Vote shall give notice of the General Meeting to Persons Entitled to Attend General Meetings.

9.2.3 Notice must be given in accordance with the deadline referred to in article 2:225 BW.

9.2.4 If one or more of the requirements referred to in article 9.2.1 or article 9.2.3 have not been met, valid resolutions may only be adopted at a General Meeting if all Persons Entitled to Attend General Meetings have consented to this method of adoption and the managing directors have been given the opportunity to issue advice prior to the adoption of the resolution.

9.2.5 The notice must specify the agenda, as well as the location and time of the General Meeting. Article 9.2.4 equally applies to adoption of resolutions on matters which have not been included in the notice or which have not been announced in a supplemental notice within the deadline for giving notice.

9.3 Order of business at the meeting

9.3.1 The General Meeting is chaired by the Chairperson. Where no Chairperson is appointed or where the Chairperson is not present, the General Meeting shall appoint its own chair. The person chairing the General Meeting appoints a secretary.

9.3.2 Minutes must be taken of the General Meeting.

9.3.3 Managing directors may attend General Meetings and have an advisory vote at General Meetings in their capacity of managing director.

9.4 Voting procedure and proxy

9.4.1 Each share confers the right to cast one vote at the General Meeting. At the General Meeting no vote may be cast on shares held by the Company or a Subsidiary, or on shares for which the Company or a Subsidiary holds the depositary receipts. Pledgees or usufructuaries of shares held by the Company or a Subsidiary are, however, not excluded from the right to vote on those shares if the right of pledge or the right of usufruct was granted before the Company or the Subsidiary held the shares. The Company or a Subsidiary may not cast a vote on shares that it holds a right of pledge or usufruct on.

9.4.2 Shares that do not carry voting rights pursuant to the law or these articles of association are not taken into account in determining to what extent shareholders vote, are present or represented or to what extent the share capital is provided or represented. Blank votes, abstentions from voting and invalid votes are regarded as not having been cast.

9.4.3 Resolutions can only be validly adopted at a General Meeting where more than fifty percent (50%) of the aggregate issued and outstanding share capital of the Company is present or represented. If no resolution can be adopted because the quorum requirement referred to in the preceding sentence is not met, a second General Meeting as referred to in article 2:230(3) BW will be convened, taking into account article 2:225 BW. Subject to article 2:334cc(1)(d) BW, resolutions may be adopted at this second General Meeting regardless of the part of issued share capital present or represented at that General Meeting.

9.4.4 Resolutions are adopted by an absolute majority of the votes cast, unless the law or these articles of association specifically require a larger majority. Shareholders of the Company that are a party to the Shareholders' Agreement shall take into account the majority requirements for resolutions of the General Meeting as set out in that agreement.

9.4.5 In a tie vote on the appointment of persons, no resolution is adopted. In a tie vote on other matters, the proposal is rejected.

9.4.6 The management board may resolve that each Person Entitled to Attend General Meetings may directly observe and take part in the General Meeting by electronic communication.

9.4.7 The management board may resolve that each Person Entitled to Vote may exercise his voting rights by electronic communication, either in person or by a proxy authorised in writing.

9.4.8 The management board may attach conditions to the use of electronic communication. The notice of the General Meeting must set out these conditions or state where they can be consulted.

9.4.9 Persons Entitled to Attend General Meetings may be represented at the General Meeting by a proxy authorised in writing.

9.5 Resolutions without holding a meeting

9.5.1 Persons Entitled to Vote may also adopt any resolutions which they may adopt at a General Meeting without holding a meeting. The managing directors must be given the opportunity to give advice about a motion before the motion is voted on.

9.5.2 A resolution adopted without holding a meeting will only be valid if all Persons Entitled to Attend General Meetings consent to this form of adoption and the resolution is adopted either in writing or by reproducible electronic communication as required by law and these articles of association.

9.5.3 Persons who have adopted a resolution without holding a meeting shall immediately notify the management board of the resolution.

9.6 Meetings of holders of shares of a specific class or indication

9.6.1 A meeting of holders of shares of a specific class or indication must be held whenever a resolution of that meeting is required or the management board deems it necessary. In addition, meetings of holders of shares of a specific class or indication must be held if one or more Persons Entitled to Attend General Meetings who individually or jointly represent at least one hundredth of the issued share capital of that class or indication deem a meeting necessary, unless this is contrary to an overriding interest of the Company.

9.6.2 If one or more persons referred to in article 9.6.1 deem a meeting of holders of shares of a specific class or indication necessary, they may make a request to the management board to that effect. The request must clearly state the items to be discussed. If a managing director does not convene that meeting so that it is held within ten (10) days of the request, any of the persons requesting the meeting may convene the meeting in accordance with these articles of association.

9.6.3 Articles 9.2 (*Location and notice of meetings*) through 9.5 (*Resolutions without holding a meeting*) equally apply to meetings of holders of shares of a specific class or indication and the resolutions to be adopted by these meetings. The notice is sent no later than on the sixth day before the meeting.

9.6.4 As long as no votes may be cast at a meeting of holders of shares of a specific class or indication, the General Meeting will have the rights attached to that meeting.

10 FINANCIAL YEAR, ANNUAL REPORTING AND AUDITOR

10.1 Financial year and annual reporting

10.1.1 The financial year is the same as the calendar year.

10.1.2 Annually within five months after the end of each financial year the management board shall prepare annual accounts and make these available at the Company's office for inspection by the Persons Entitled to Attend General Meetings. The General Meeting may extend this period on the basis of special circumstances by no more than five months.

10.1.3 If the mandate referred to in article 10.2 (*Auditor*) has been given, the auditor's statement must be added to the annual accounts. Furthermore, the management report must be added to the annual accounts, unless article 2:391 BW does not apply to the Company. The additional information referred to in article 2:392(1) BW must also be added insofar as that paragraph (1) applies to the Company.

10.1.4 The annual accounts must be signed by all managing directors; if any signature is missing, this must be stated and explained.

10.1.5 The General Meeting adopts the annual accounts.

10.1.6 Article 2:210(5) BW does not apply to the adoption of the annual accounts.

10.2 Auditor

10.2.1 The Company may give a mandate to an auditor as referred to in article 2:393 BW to audit the annual accounts prepared by the management board in accordance with article 2:393(3) BW. If the law so requires, the Company shall give this mandate.

10.2.2 The General Meeting gives the mandate to the auditor. If the General Meeting fails to give the mandate, the management board will give the mandate.

10.2.3 The mandate given to the auditor may be revoked by the General Meeting and by the corporate body which has given the mandate. The mandate may only be revoked for valid reasons and in accordance with article 2:393(2) BW.

10.2.4 The auditor shall report on the audit to the management board and set out the results of the audit in an auditor's statement on whether the annual accounts present a true and fair view.

11 RESULTS, RESERVES AND DISTRIBUTIONS

11.1 Results

11.1.1 The Results are allocated as follows:

(a) the U.S. Results; and

(b) the Non-U.S. Results.

The allocation of the Results shall be included and reflected in the annual accounts as adopted by the General Meeting or, as the case may be, in the interim financial statements.

11.1.2 In preparing the annual accounts, the management board shall determine the Results after tax.

11.2 Reserves

11.2.1 The Company may provide for a separate share premium reserve for each individual shareholder. Each payment (in cash or in kind) on a share exceeding the nominal value of such share is credited to the share premium reserve maintained for the holder of the share on which the payment is made. The shares held by the shareholder for which a share premium reserve is maintained give exclusive entitlement to the share premium reserve concerned.

11.2.2 The management board shall keep such records so that it can at all times ascertain which amount of a share premium reserve can be attributed to each individual share that gives entitlement to the share premium reserve concerned.

11.2.3 In addition to the other reserves, the Company maintains a profit reserve for:

(a) the Bear Shares A, to which the Bear Shares A give an exclusive entitlement;

(b) the Bear Shares B, to which the Bear Shares B give an exclusive entitlement;

(c) the Titan Shares A, to which the Titan Shares A give an exclusive entitlement; and

(d) the Titan Shares B, to which the Titan Shares B give an exclusive entitlement.

Where these articles of association refer to profit reserves, reference is made to the above profit reserves, unless explicitly provided otherwise.

11.2.4 The management board shall keep record of the amounts debited or credited to:

(a) the Bear Shares A Profit Reserve, with respect to each individual Bear Share A;

(b) the Bear Shares B Profit Reserve, with respect to each individual Bear Share B;

(c) the Titan Shares A Profit Reserve, with respect to each individual Titan Share A; and

(d) the Titan Shares B Profit Reserve, with respect to each individual Titan Share B.

11.2.5 Upon the adoption of the annual accounts referred to in article 10.1.5, the management board may resolve to reserve the Results, or any part thereof, as shown in the annual accounts.

11.2.6 The U.S. Results remaining after application of article 11.2.5 are attributed as follows:

(a) to the extent those results are positive, an amount equal to:

(i) fifty percent (50%) shall be credited to the Bear Shares A Profit Reserve;

and

(ii) fifty percent (50%) shall be credited to the Titan Shares A Profit Reserve;

(b) to the extent those results are negative, an amount equal to:

(i) fifty percent (50%) shall be debited to the Bear Shares A Profit Reserve; and

(ii) fifty percent (50%) shall be debited to the Titan Shares A Profit Reserve.

The Non-U.S. Results remaining after application of article 11.2.5 are attributed as follows:

(a) to the extent those results are positive, an amount equal to:

(i) fifty percent (50%) shall be credited to the Bear Shares B Profit Reserve; and

(ii) fifty percent (50%) shall be credited to the Titan Shares B Profit Reserve;

(b) to the extent those results are negative, an amount equal to:

(i) fifty percent (50%) shall be debited to the Bear Shares B Profit Reserve; and

(ii) fifty percent (50%) shall be debited to the Titan Shares B Profit Reserve.

11.2.7 The management board, with the approval of the meeting of holders of the shares entitled to the profit reserve concerned, may resolve to make an interim credit or debit to a particular profit reserve. The amount of the credit or debit shall be equal to the pro rata part, calculated up to and including the date of the management board resolution referred to in the first sentence, of the aggregate U.S. Result and/or the Non-U.S. Result, as the case may be, that is to be credited or debited in accordance with article 11.2.6 upon the adoption of the annual accounts of the financial year concerned as reasonably predicted by the management board. Any amount credited or debited in accordance with this article 11.2.7 shall be set off against the total amount credited or debited to the relevant profit reserve in accordance with article 11.2.6 upon the adoption of the annual accounts in the financial year concerned.

11.3 Distributions

11.3.1 To the extent that the Company's equity exceeds the total amount of the reserves referred to in article 2:216(1) BW, the General Meeting, at the proposal of the management board and with the approval of the meeting of holders of shares entitled to the particular reserve, may resolve upon a distribution from:

(a) a particular share premium reserve as referred to in article 11.2.1; and/or

(b) a particular profit reserve as referred to in article 11.2.3.

A resolution to make a distribution from a reserve is subject to the management board's approval. The management board may only withhold its approval if it knows or should reasonably expect that the Company will be unable to continue paying its due debts after the distribution.

11.3.2 A distribution on one or more shares from a reserve to which such shares are exclusively entitled may only be made to the extent that the aggregate entitlement to share premium reserves and profit reserves in respect of all shares held by the shareholder concerned reflect a positive balance.

11.3.3 Shares held by the Company in its own share capital or for which depositary receipts have been issued that are held by the Company are not taken into account in determining how the amount to be distributed on shares is to be divided. These shares are, however, taken into account if they are subject to a right of pledge or a right of usufruct or if depositary receipts have been issued for these shares entitling the holder of that right or those depositary receipts to the distribution.

11.3.4 A distribution at the expense of a reserve can only be made to the holders of shares entitled to such reserve in accordance with article 11.2.1 and 11.2.3, and shall be made in proportion to the individual share's entitlement to the balance of the relevant reserve at the time of the distribution, unless determined otherwise by a resolution of the meeting of holders of shares entitled to that particular reserve. Only the amount of the mandatory payments on the nominal value of the shares is taken into account in determining the amount to be distributed on each share. The preceding sentence may be deviated from with the consent of all shareholders.

11.3.5 Distributions are due four weeks after they have been declared, unless the General Meeting sets a different date at the management board's proposal.

11.3.6 The General Meeting may, with the approval of the meeting of holders of shares entitled to the particular reserve, resolve that distributions will be fully or partly made other than in cash.

12 SPECIAL RESOLUTIONS AND DISSOLUTION

12.1 Amendment of these articles of association, legal merger, legal division, and liquidation

The General Meeting may, solely at the proposal of the management board, resolve upon an amendment of these articles of association, a legal merger or demerger involving the Company or the dissolution of the Company, subject to articles 2:331 BW and 2:334ff BW and the requirement of approval of the meeting of holders of shares of a specific class or indication or consent where this is based on the law.

12.2 Liquidation

12.2.1 If the Company is dissolved pursuant to a resolution of the General Meeting and its assets must be liquidated, the managing directors will become the liquidators unless the management board appoints one or more other liquidators prior to or simultaneously with the adoption of the General Meeting resolution to dissolve the Company.

12.2.2 The General Meeting determines the remuneration of the liquidators.

12.2.3 The liquidation takes place in accordance with statutory provisions, these articles of association and the Shareholders' Agreement. During the liquidation period these articles of association and the Shareholders' Agreement, as far as possible, will remain in full force.

12.2.4 The balance of the Company's assets after all liabilities have been paid will be added to the reserves referred to in article 11.2.1 in accordance with article 11.2.7. Subsequently, the balances of the reserves concerned shall be distributed to the holders of the shares entitled to the relevant reserves, together with the nominal value paid-up on such shares.

12.2.5 After the Company has ceased to exist, its books, records and other data carriers must remain in the custody of the person designated for that purpose by the liquidators or, failing liquidators, by the management board, for a period of seven (7) years.

HYDRIL USA DISTRIBUTION LLC

LIMITED LIABILITY COMPANY AGREEMENT

AMENDED AND RESTATED AS OF 27 OCTOBER 2021

This Limited Liability Company Agreement ("Agreement") of Hydril USA Distribution LLC, a Delaware limited liability company ("Company"), is entered into by MHH Holding B.V., a closed limited liability company formed in the Netherlands, as the sole member of the Company ("Member").

1. NAME. The name of the Company is Hydril USA Distribution LLC.

2. PURPOSE AND POWERS. The Company is formed for the purpose of engaging in any lawful act or activity for which a limited liability company may be organized under the Delaware Limited Liability Company Act, as amended (the “Act”), and shall have those powers which are provided to a limited liability company under the Act related or incidental to such purpose and necessary, convenient, or advisable to accomplish such purpose.

3. HISTORY. The Company was formed as a limited liability company under and pursuant to the provisions of the Act upon filing the Certificate of Formation with the Office of the Secretary of State of the State of Delaware on February 28, 2008.

Initially, the Company was owned 99% by GE Energy Manufacturing, Inc. and 1% by GE Oil & Gas, Inc. On January 1, 2013, GE Energy Manufacturing, Inc. now known as GE Energy Manufacturing, LLC, became the Sole Member (100%). On June 1, 2021, ownership of the Company was transferred to Baker Hughes Energy Services LLC, and then to Baker Hughes Holdings LLC. On October 1, 2021, ownership and membership were acquired by, and transferred to, MHH Holding B.V.

4. COMPANY OFFICES. The principal business office of the Company shall be sited at such location as may hereafter be determined by the Directors. The Company may have such additional offices at such other places within or without the state of its formation as the Directors may from time to time determine or as the business of the Company may require. The registered office of the Company in the State of Delaware is at the Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware, or such other address as hereafter may be determined by the Directors.

5. MEMBER. The name, mailing address and initial limited liability company interest of the Member is as follows:

Name	Address	Interest
MHH Holding B.V.	Amstelveenseweg 500, 1081KL Amsterdam, NL	100%

6. CAPITAL CONTRIBUTIONS. The Member has contributed the cash, property, services and/or promissory obligations set forth in the books and records of the Company. The Member may make additional capital contributions to the Company as determined by the Member in its sole discretion from time to time; provided, that the Member shall have no obligation to make any additional capital contributions to the Company.

7. MEETINGS OF MEMBERS. A meeting of Members may be called at any time by the Directors or any Member entitled to vote at such meeting. The holders of a majority in interest of the Members present in person or represented by proxy shall be requisite and shall constitute a quorum at all meetings of members except as otherwise provided by statute or the Certificate of Formation. When a quorum is once present to organize a meeting, such quorum is not deemed broken by the subsequent withdrawal of any Members.

Every Member entitled to vote at any meeting shall be entitled to vote in accordance with its interest in the Company held by it of record on the date fixed as the record date for said meeting (or if no record date has been set, as of the meeting date) and may so vote in person or by proxy. Any action of the Members shall be authorized by a majority in interest of the votes cast by the Members entitled to vote thereon except as may otherwise be provided by statute, the Certificate of Formation, or this Limited Liability Company Agreement.

8. ACTIONS REQUIRING MEMBER APPROVAL. The following actions shall require the approval of the Member in addition to the approval of the Directors:

(i) the sale, transfer or other disposition of all or substantially all of the Company's assets (except in connection with a liquidation of the Company following dissolution);

(ii) the merger, consolidation, conversion, redomestication or other reorganization of the Company with or into any other entity unless the Company shall be the surviving entity thereof and the Member shall continue to own 100% of the limited liability company interests in the Company following such reorganization; and

(iii) such other matters as the Member may from time to time advise the Directors in writing require joint approval of the Directors and Member.

Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if all Members consent thereto in writing, and filed in the minutes of the Company.

9. LIMITED LIABILITY. Except as otherwise provided by the Act, the debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a member of the Company.

10. BOARD OF DIRECTORS. Subject to Section 7, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of a

board of directors (each individually, a "Director" and, collectively, the "Board of Directors") appointed by the Member. The number of Directors may be fixed from time to time by resolution of the Board of Directors. The Board of Directors shall be the "manager" within the meaning of 18-402 of the Act (it being understood that no individual Director shall have the power and authority to bind the Company). A majority vote or consent of the total number of Directors on the Board of Directors shall be required to authorize or approve any actions of the Board of Directors.

A Director must be a natural person of at least eighteen (18) years of age. Any Director or the entire Board of Directors may be removed at any time, with or without cause, by the Member.

11. MEETINGS OF DIRECTORS. Meetings of the Board of Directors for any purpose or purposes may be called at any time by any Director. Notice of the time and place of meetings shall be given either personally or by mail or other means of written communication. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all the Directors authorized to vote shall unanimously consent in writing to such action.

12. OFFICERS OF THE COMPANY. The Board of Directors shall elect a President of the Company, and may elect other officers who shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors and/or are set forth in this Agreement. The Officers of the Company shall hold office for such terms as shall be determined from time to time by the Board of Directors and shall hold office until their successors are chosen and qualified or until their earlier resignation or removal, with or without cause, by the Board of Directors.

<u>President</u>

The President shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have general supervision and direction over the business and policies of the Company. The President shall report to the Board of Directors all matters within his or her knowledge which the interests of the Company may require to be brought to their notice. The President shall be in charge of the supervision, direction and development of all business, and shall perform such other duties as may from time to time be assigned by the Board of Directors. The President shall have the general powers of supervision, direction and management usually vested in the office of a president or chief executive officer of a Delaware corporation.

<u>Vice President</u>

The Vice President or Vice Presidents, if more than one, shall have the usual powers and duties vested in a vice president of a Delaware corporation, together with such other powers and duties as may be assigned to such Officer by the Board of Directors or the President.

<u>Secretary</u>

The Secretary, if available, shall attend all meetings of the Board of Directors, act as clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall keep in safe custody the seal of the Company, and shall affix the seal to any instrument requiring the same. The Secretary shall see that proper notice is given of all meetings of the Member of the Company and of the Board of Directors, and shall perform such other duties as may be prescribed to such Officer from time to time by the Board of Directors or the President. In the Secretary's absence, or in case of failure or inability to act, an Assistant Secretary shall perform the duties described herein and such other duties as may be prescribed by the Board of Directors.

Treasurer

The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company, and shall deposit all money and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Company as may be ordered by the Board of Directors or by the President, taking proper vouchers for such disbursements, and shall render to the President and Directors at any meeting of the Board, or whenever they may require it, an account of all transactions as Treasurer. The Treasurer shall perform such other duties as the Board of Directors may from time to time prescribe to or require from such Officer. In case of absence or inability to act, an Assistant Treasurer perform the duties described herein and such other duties as may be prescribed by the Board of Directors.

Assistant Secretary

Each Assistant Secretary shall have the usual powers and duties vested in an assistant secretary of a Delaware corporation, together with such other powers and duties as may be assigned to such Officer by the Board of Directors, the President, or the Secretary. Any Assistant Secretary may exercise the powers of the Secretary.

Assistant Treasurer

Each Assistant Treasurer shall have the usual powers and duties vested in an assistant treasurer of a Delaware corporation, together with such other powers and duties as may be assigned to such Officer by the Board of Directors, the President, or the Treasurer. The Assistant Treasurer or such other person designated by the Board of Directors shall exercise the power of the Treasurer.

Controller

The Controller, if one is appointed, shall be responsible to the Board of Directors and the President for all financial control and internal audit of the Company and its subsidiaries. The Controller shall perform such other duties as may be assigned to such Officer by the Board of Directors or the President and shall be responsible to a designated a Vice President only for the routine administrative matters pertaining to the duties of this office.

13. EXCULPATION AND INDEMNIFICATION.

(a) To the fullest extent permitted by the laws of the State of Delaware and except in the case of bad faith, gross negligence or willful misconduct, no Member, Director or Officer shall be liable to the Company or any other Member for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Member, Director or Officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Member, Director or Officer by this Agreement.

(b) Except in the case of bad faith, gross negligence or willful misconduct, each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Member, Director or Officer, shall be indemnified and held harmless by the Company to the fullest extent permitted by the laws of the State of Delaware for managers and officers of limited liability companies organized under the laws of the State of Delaware. Any indemnity under this Section 12 shall be provided out of and to the extent of Company assets only, and no Member shall have personal liability on account thereof.

14. ASSIGNMENTS; ADDITIONAL MEMBERS. The Member may sell, assign, pledge or otherwise transfer or encumber (collectively, "transfer") all or any part of its limited liability company interest in the Company to any person or entity. Upon any transfer of its entire limited liability company interest in the Company, the transferee shall be admitted as a substituted member and shall be thereinafter referred to herein as the Member. In the event the Member transfers less than its entire limited liability company interest in the Company to any person or entity, the admission of such transferee as a member of the Company shall be conditioned on, and subject to, an amendment to this Agreement to contemplate multiple members of the Company. Except to the extent set forth in the second sentence of this Agreement, no additional member of the Company shall be admitted unless and until this Agreement has been amended to contemplate multiple members of the Company. The limited liability company interests in the Company shall not be certificated.

15. DISTRIBUTIONS. Distributions of cash or other assets of the Company shall be made to the Member at such times and in such amounts as the Directors may determine from time to time.

16. DISSOLUTION. The term of the Company shall be perpetual; provided that it shall dissolve upon the occurrence of any of the events described in the following paragraph.

The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the determination by the Member to dissolve the Company, (ii) the retirement, resignation or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act, or (iii) the entry of a decree of judicial dissolution under §18-802 of the Act.

The bankruptcy or other event described in §18-304 of the Act with respect to the Member will not cause the Member to cease to be a member of the Company and upon the occurrence of such an event, the business of the Company shall continue without dissolution.

17. FISCAL YEAR. The fiscal year of the Company shall be fixed by the Directors by

resolution duly adopted, and, from time to time, may be altered by resolution duly adopted by the Directors. The initial fiscal year shall be the calendar year.

18. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the Member with respect to the subject matter hereof. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable, or illegal under any existing or future law, such invalidity, unenforceability, or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable, and legal. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

19. MISCELLANEOUS. Where the context so indicates, the masculine shall include the feminine, the neuter shall include the masculine and feminine, the singular shall include the plural and any reference to a "person" shall mean a natural person or a corporation, limited liability company, partnership, or other legal entity. Except as otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the Member and each of its distributees, heirs, legal representatives, executors, administrators, successors, and assigns. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof. Unless the context requires otherwise, all references in this Agreement to Section shall be deemed to mean and refer to Sections of this Agreement. This Agreement may not be modified, altered, supplemented, or amended except pursuant to a written agreement executed by the Member.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of October 27, 2021.

MHH HOLDING B.V.

By: ______________________________
Name:
Director

By: ______________________________
Name:
Director

01418491

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

Hydril PCB Limited

(Adopted by special resolution passed on 29 October 2007)

CONSTITUTION

1 The Company is a private company within the meaning of Section 1 of the Companies Act 1985 as amended (hereinafter referred to as "the Act"), in accordance with and subject to the provisions of the Act and of the Memorandum of Association of the Company and of the regulations contained in or applied by Table A of The Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "Table A") which are hereby adopted with the exception of regulations 5, 24, 38, 53, 65 to 69 inclusive, 73 to 80 inclusive, 87, 93 to 96 inclusive and 118 of Table A and subject to the provisions of the following additional Articles in modification of Table A, so far as hereby adopted

SHARES

2 Subject to the provisions of Section 80 of the Act the shares shall be at the disposal of the Directors and they may, provided that if and so long as any company is for the time being the holding company of the Company the prior consent in writing of such company has been obtained (such consent not being required when the shares are to be allotted to such holding company), allot or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper subject always to the following conditions and the other provisions of the Articles -

(a) the maximum amount of relevant securities to be allotted in pursuance of this authority shall be the unissued shares in the capital of the Company for the time being and from time to time while this authority is in force,

(b) the Directors are unconditionally authorised, provided that if and so long as any company is for the time being the holding company of the Company the prior consent in writing of such company has been obtained, to allot shares up to the amount of the share capital as at the date of the adoption of these Articles at any time or times during the period of five years from such date, and

(c) no shares shall be issued at a discount

3 In accordance with Section 91 (1) of the Act, Sections 89 (1) and 90 (1) to (6) inclusive of the Act shall be excluded from applying to allotments by the Company of equity securities (as defined in Section 94 of the Act)

4 The Directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of any share, whether or not it is a fully paid share Notwithstanding the foregoing the holding company for the time being of the Company may at any time transfer all or any shares to any other company, whether in the same group of companies or otherwise

5 The Company shall be entitled, but shall not be bound, to accept and, in case of acceptance, shall be entitled to record in such manner as it may think fit notices of any trusts in respect of any shares of the Company Notwithstanding any such acceptance and/or the making of any such record, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied, or constructive, in respect of any shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the registered holders of such shares as if they were the absolute owners thereof For the purpose of this Article "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the registered holder thereof for the time being or such other rights in case of transmission thereof as are hereinafter mentioned

6 The lien conferred by Regulation 8 of Table A shall attach also to fully paid up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole

registered holder thereof or shall be one of two or more joint holders, for all monies presently payable by him or his estate to the Company Regulation 8 of Table A shall be modified accordingly

NOTICE OF GENERAL MEETINGS

7 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director shall be called by at least twenty-one days' notice All other extraordinary general meetings shall be called by at least fourteen days' notice but a general meeting may be called by shorter notice if it is so agreed

(a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat, and

(b) in case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right

Such agreement must be signed by the requisite percentage of members specified above, which consent and signature may be evidenced by letter, telex, cable, electronic mail, facsimile, or otherwise and may consist of several documents in the like form consented to and signed by one or more members as the Directors may from time to time resolve to permit

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such

Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the Directors and Auditors

SINGLE MEMBER COMPANY

8 If, and for so long as, the Company has only one member, the following provisions shall apply -

(a) One person entitled to vote upon the business to be transacted, being the sole member of the Company or a proxy for that member or (if such member is a corporation) a duly authorised representative of such member, shall be a quorum and Regulation 40 of Table A shall be modified accordingly Regulation 41 of Table A shall not apply to the Company

(b) The sole member of the Company (or the proxy or authorised representative of the sole member representing that member at the relative general meeting) shall be the Chairman of any general meeting of the Company and Regulation 42 of Table A shall be modified accordingly

(c) A proxy for the sole member of the Company may vote on a show of hands and Regulation 54 of Table A shall be modified accordingly

(d) All other provisions of these Articles shall (in the absence of any express provision to the contrary) apply with such modification as may be necessary in relation to a Company which has only one member

MEMBERS' RESOLUTIONS

9 A resolution in writing which has been consented to and signed by or on behalf of all the members who would have been entitled to vote upon it if it had been proposed at a general meeting at which they were present (which consent and signature may be evidenced by letter, telex, cable, electronic mail, facsimile, or otherwise as the Directors may from time to time resolve to permit) shall be as effective as a resolution passed at a meeting of members duly convened and held and may consist of several documents in the same terms each consented to by one or more members

DIRECTORS

10 The minimum number of Directors shall be one and Regulation 64 of Table A shall be modified accordingly Whensover the number of Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Regulation 89 of Table A shall be modified accordingly

11 If and so long as any company is for the time being the holding company of the Company, the power to appoint Directors whether to fill casual vacancies or as an addition to the Board or otherwise, and the power to remove any Director, howsoever appointed, shall reside exclusively in such company Any

such appointment or removal shall be effected by instrument in writing signed on behalf of such company by one of its Directors duly authorised in that behalf and shall be effective forthwith upon the receipt of such instrument at the registered office of the Company

BORROWING POWERS

12 The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge the whole or any part of its undertaking, property and uncalled capital, and to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party

POWERS AND DUTIES OF DIRECTORS

13 No Director shall be disqualified from his office by reason of his contracting with the Company or holding any office (except that of Auditor) under or being employed by the Company nor shall any such contract, office, or employment or any contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any Director shall be a Director or member or otherwise interested or any other matter in which any Director shall have any interest be affected or avoided or voidable by reason of his holding that office or of the fiduciary relationship thereby established and any Director so contracting, holding office or being employed or being so interested shall be counted in the quorum present at any meeting of the Directors and shall be entitled to deliberate and vote in respect of any such contract, office, employment, arrangement or matter, provided always that his interest shall be disclosed in manner provided by Section 317 of the Act For the purpose of this Article, a general notice given to the Directors of the Company by a Director to the effect that he is a Director or member of a specified company or firm and is to be regarded as interested in any contracts made with that company or firm shall be deemed to be a sufficient declaration of interest in relation to any contract so made

14 (a) The Directors may establish or concur or join with any companies (being the holding company of the Company or subsidiary companies of such holding company or companies with which the Company is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as

used in this and the next following sub-Article shall include any Director who may hold or have held any executive office or other office or place of profit, or have been appointed to exercise special powers or authorities) and ex-employees of the Company and of any such other companies and their dependants, or any class or classes of such persons

(b) The Directors may pay, enter into agreements to pay or make grants (revocable or irrevocable and either subject or not subject to any terms or conditions) of pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding sub-Article Any such pension or benefit may, as the Directors consider desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement

Provided that if and so long as any company is for the time being the holding company of the Company the powers conferred by this Article shall be exercisable only with the prior consent in writing of such company

PROCEEDINGS OF DIRECTORS

15 Subject to the provisions of these Articles, a Director may participate in a meeting of the Board or of a committee of the Board by means of conference telephone or similar communications equipment whereby all the Directors participating in the meeting can hear each other, and the Directors participating in a meeting in this manner shall be deemed to be present in person at such meeting

16 A resolution in writing which has been consented to and signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors (which consent and signature may be evidenced by letter, telex, cable, electronic mail, facsimile, or otherwise as the Directors may from time to time resolve to permit) shall be as effective as a resolution duly passed at a meeting of the Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the same terms each consented to by one or more Directors but a resolution signed by an Alternate Director need not also be signed by his appointor, and if it is signed by a Director who has appointed an Alternate Director, it need not be signed by the Alternate Director in that capacity

DISQUALIFICATION OF DIRECTORS

17 No person shall be disqualified from being appointed a Director in accordance with the provisions of these Articles by reason of having attained the age of 70 years or any other age, nor shall special notice or other special formality be required on that account No Director shall vacate his office by reason only of age

ALTERNATE DIRECTORS

18 Any company entitled for the time being pursuant to Article 11 hereof to appoint and remove Directors of the Company shall be entitled to appoint any person to be an Alternate Director of the Company and to remove any Alternate Director so appointed, any such appointment or removal being effected in the manner provided in Article 11 An Alternate Director shall, except as regards remuneration, be subject to the provisions of these presents, with regard to Directors and shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of the Directors and of all meetings of committees of Directors of which his appointor is a member and to attend and vote as a Director at any such meetings at which the Director for whom he is Alternate is not personally present and generally to exercise and discharge all of the functions, powers and duties of the Director for whom he is Alternate in the absence of such Director Any Director acting as Alternate shall have an additional vote for each Director for whom he acts as Alternate, but he shall count as only one for the purpose of determining, whether a quorum is present An Alternate Director shall ipso facto cease to be an Alternate Director if the Director for whom he is Alternate ceases for any reason to be a Director

INDEMNITY

19 Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto But this Article shall only have effect in so far as its provisions

are not avoided by Section 310 of the Act

20 The Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or Auditors of the Company or of any holding company of the Company or of any subsidiary undertaking of the Company or of such holding company, or who are or were at any time trustees of any pension or retirement benefit scheme for the benefit of any employees or ex-employees of the Company or of any subsidiary undertaking, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in connection with their duties, powers or offices in relation to the Company or any such holding company or subsidiary undertaking or pension or retirement benefit scheme

SEAL

21 If the Company has a seal it shall only be used with the authority of the Directors or of a committee of Directors The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or a second Director. The obligation under Clause 6 of Table A relating to the sealing of share certificates shall apply only if the Company has a seal Clause 101 of Table A shall not apply to the Company

HOLDING COMPANY

22 No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the Directors have been in any way restricted hereunder or as to whether any requisite consent of a holding company has been obtained and shall not be effected or in any way prejudiced by any such restriction or lack of consent unless such person had at the time express notice that any act or transaction effected by or with the authority of the Directors was in excess of their powers

23 If the Company has more than one holding company then for the purpose of these Articles references to its holding company shall be read and construed as references to its ultimate holding company

24 The expressions "holding company" and "subsidiary" shall have the same meanings in these Articles as are ascribed thereto in Section 736 of the Act

VEDTEKTER
FOR
MHWIRTH AS

(org.nr. 942 524 544)
(sist endret i ekstraordinær generalforsamling 15. Oktober 2021)

§ 1

Selskapets navn er MHWirth AS.

§ 2

Selskapets forretningskontor er i Kristiansand kommune.

§ 3

Selskapets formål er å drive industri og handel samt utvikle, erverve og utnytte patenter, oppfinnelser og teknisk viten. Virksomheten kan også delta i, eller samarbeide med andre private og offentlige foretak.

§ 4

Selskapets aksjekapital er NOK 100 200 004 fordelt på 100 200 004 aksjer hver pålydende NOK 1, fullt innbetalt og lydende på navn.

§ 5

Selskapets styre skal bestå av tre til ni medlemmer etter generalforsamlingens nærmere beslutning. Selskapets firma tegnes av to styremedlemmer i fellesskap.

§ 6

Den ordinære generalforsamlingen skal behandle:

1. Fastsettelse av resultatregnskap og balanse.
2. Anvendelse av overskuddet eller dekning av underskudd i henhold til den fastsatte balanse samt utdeling av utbytte.
3. Valg av styre.
4. Andre saker som i henhold til lov hører under generalforsamlingen.

§ 7

Erverv av selskapets aksjer er ikke betinget av samtykke fra selskapets styre. Aksjeeierne har ikke forkjøpsrett iht. aksjeloven.

§ 8

For øvrig henvises til den til enhver tid gjeldende aksjelovgivning.

(Unofficial translation. The official language of these minutes is Norwegian. In the event of any discrepancies between the Norwegian and English text, the Norwegian text shall precede.)

ARTICLES OF ASSOCIATION

FOR MHWIRTH AS

(Org.nr. 942 524 544)

(Updated by extraordinary general meeting 15 October 2021)

§ 1

The name of the company is MHWirth AS.

§ 2

The company's business address is in the city of Kristiansand, Norway.

§ 3

The purpose of the company is industrial activities and trade, as well as obtaining and application of patents, inventions and technical know-how. The company may also participate or cooperate with other private or public sector businesses.

§ 4

The company's share capital is NOK 100,200,004 divided on 100,200,004 shares each with a nominal value of NOK 1, fully paid and registered by name.

§ 5

The company's Board of Directors shall consist of three to nine members as decided by the General Meeting of Shareholders. Two board members shall jointly have the right to sign on behalf of the company.

§ 6

The Annual General Meeting shall:

1. Approval of profit and loss account and balance sheet.

2. Application of profit or cover deficit, and distribution of dividends in accordance with the balance sheet.

3. Appointment of directors.

4. Consider other matters which by law are to be handled by the General Meeting.

§ 7

The transfer of the company's shares is not conditional upon or subject to approval from the company or the Board of Directors. The shareholders have no pre-emptive rights pursuant to the Norwegian Private Limited Liability Companies Act.

§ 8

Otherwise, reference is made to the provisions of the Norwegian Private Limited Liability Companies Act, as amended from time to time.

REGISTRATION NO.
200720201Z

THE COMPANIES ACT (CAP. 50)

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF
HMH DRILLING ASIA PTE. LTD.
~~BAKER HUGHES DRILLING ASIA PTE. LTD.~~
~~(w.e.f. 18 August 2020)~~
(fna GE DRILLING ASIA PTE. LTD.)

- vide MRIW dated 17 August 2020

INCORPORATED ON THE 31ST DAY OF OCTOBER 2007

RAJAH & TANN
ADVOCATES & SOLICITORS
4 BATTERY ROAD
#15-01
BANK OF CHINA BUILDING
SINGAPORE 049908

THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE
The Companies Regulations
Sections 17(7), 26(2), 30(4), 31(1) and (2), 33(9), 34, 186 (1), 227B (1) and 290(2)/
Regulations 24 and 66

NOTICE OF RESOLUTION

Name of Company: **BAKER HUGHES DRILLING ASIA PTE. LTD.**

Company No: **200720201Z**

Accounting and Corporate Regulatory Authority
Singapore

At a general meeting of the sole Member of the abovenamed Company duly convened and held at 2 Benoi Road, Singapore 629876 on 1 January 2022, the special resolution set out below was duly passed:

CHANGE OF COMPANY NAME

RESOLVED:

That subject to the approval of the Accounting and Corporate Regulatory Authority, the name of the Company be changed to **HMH DRILLING ASIA PTE. LTD.** and that the name **HMH DRILLING ASIA PTE. LTD.** be substituted for **BAKER HUGHES DRILLING ASIA PTE. LTD.** wherever the latter name appears in the Constitution of the Company.

Name of Director: MIRJI DHANANJAY PANDURANG

Name of Person who signed minutes: -

Name of Authorised Representative who signed the resolution *(if any)*: KOH WEE LIP, JACKSON

THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE
The Companies Regulations
Sections 17(7), 26(2), 30(4), 31(1) and (2), 33(9), 34, 186 (1), 227B (1) and 290(2)/
Regulations 24 and 66

NOTICE OF RESOLUTION

Name of Company: **HMH DRILLING ASIA PTE. LTD. (formerly known as BAKER HUGHES DRILLING ASIA PTE. LTD.)**

Company No: **200720201Z**

Accounting and Corporate Regulatory Authority
Singapore

At a general meeting of the sole member of the abovenamed Company duly convened and held at 25 Benoi Lane, Singapore 627800, on 29 October 2021 the special resolution set out below was duly passed:

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY – SPECIAL RESOLUTION

That the Articles of Association of the Company be and is hereby amended in the manner set out in Annex B hereto.

Name of Director: MIRJI DHANANJAY PANDURANG

Name of Person who signed minutes: -

Name of Authorised Representative who signed the resolution *(if any)*: KOH WEE LIP, JACKSON

ANNEX B

Amendments to the Articles of Association

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF BAKER HUGHES DRILLING ASIA PTE. LTD.

1. the following be inserted as a new meaning in the Articles:

"Entity" means any bank, institution, trust, fund or other entity (or any nominee, agent or trustee of or on behalf of such bank, institution, trust, fund or other entity).

2. the following be inserted as Article 9A of the Articles, immediately after the existing Article 9:

"9A Notwithstanding anything contained in the Memorandum or these Articles, the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company which are charged by way of security, from time to time, to any Entity, shall not be modified, affected, varied, extended or surrendered in any way or manner without the prior written consent of such Entity.";

3. the following be inserted as Articles 23A of the Articles of Association, immediately after the existing Article 23:

"23A Notwithstanding anything contained in these Articles, the Directors shall not decline to lodge a notice of transfer of shares with the registrar, nor may they apply to suspend registration thereof, nor shall they decline to accept any instrument of transfer, where such transfer is requested by any Entity to whom shares are charged by way of security, and where such instrument of transfer is executed by any Entity to whom such shares are charged by way of security pursuant to the power of sale under such security, and a certificate by any officer of such Entity that the shares were so charged and the transfer was so executed shall be conclusive evidence of such facts.;

4. the following be inserted as Articles 24A of the Articles of Association, immediately after the existing Article 24:

"24A For the purpose of Article 24, any Entity, which has requested a transfer of shares which are charged by way of security to it, pursuant to the powers and rights afforded to it under such security, shall not be required to pay any fee and shall not be required to provide any evidence to prove its title to such shares or to prove the right of the transferor to make the transfer of such shares other than the certificate of the shares to be transferred and the duly executed share transfer forms in relation to such shares.";

5. the following be inserted as Article 40A of the Articles, immediately after the existing Article 40:

"40A Notwithstanding anything contained in these Articles, no forfeiture pursuant to these Articles shall be effected and no sale pursuant to Article 40 shall be made of any shares which are charged by way of security, from time to time, to any Entity.";

6. the following be inserted as Article 42A of the Articles, immediately after the existing Article 42:

"42A Notwithstanding anything contained in these Articles or in the Memorandum, any Entity to whom any shares are charged by way of security shall have a first fixed charge over such shares, ranking in priority over the lien expressed to be created under any Article in these Articles, whether the period for the payment, fulfilment or discharge shall have actually arrived or not, and such first fixed charge shall extend to all dividends from time to time declared in respect of such shares.”; and

7. the following sentence be added at the end of Article 43:

“However, no sale pursuant to this Article 43 shall be made of any shares which are charged by way of security to any Entity.”.

GE DRILLING ASIA PTE. LTD.

(Incorporated in the Republic of Singapore)
(the "**Company**")

MEMBERS' RESOLUTIONS IN WRITING PURSUANT TO
SECTION 184G OF THE COMPANIES ACT

We, the undersigned, being the sole shareholder beneficially entitled to the whole of the issued and paid up share capital of GE Drilling Asia Pte. Ltd. for the time being do hereby resolve as follows :-

SPECIAL RESOLUTION – CHANGE OF NAME OF THE COMPANY

IT WAS RESOLVED THAT subject to the approval of the Accounting and Corporate Regulatory Authority, the name of the Company be changed to **BAKER HUGHES DRILLING ASIA PTE. LTD.** and that the name of **BAKER HUGHES DRILLING ASIA PTE. LTD.** be substituted for the name of **GE DRILLING ASIA PTE. LTD.** whenever the latter name appears in the Company's Constitution.

Dated : 17 AUG 2020

Arie de Heer

Duly Appointed Authorised Representative
of **BAKER HUGHES ASIA HOLDINGS B.V.**

ACRA Officer
<ACRA_BIZFILE@acra.gov.sg>
10/31/2007 12:48 PM

To PECK.LING.NG@RAJAHTANN.COM
cc
bcc
Subject Email Notification

Dear Sir/Madam,

Company No. :200720201Z

NOTICE OF INCORPORATION

This is to confirm that HYDRIL PCB PRIVATE LTD. is incorporated under the Companies Act(Cap.50), on and from 31/10/2007 and that the Company is a PRIVATE COMPANY LIMITED BY SHARES.

Thank You

Accounting and Corporate Regulatory Authority (ACRA)
10 Anson Road
#05-01/15 International Plaza
Singapore 079903

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THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

of

HMH DRILLING ASIA PTE. LTD.
~~BAKER HUGHES DRILLING ASIA PTE. LTD.~~

Amended by Special Resolution passed on 1 Jan 2022

1. The name of the Company is HMH DRILLING ASIA PTE. LTD. ~~BAKER HUGHES DRILLING ASIA PTE. LTD.~~

2. The Registered Office of the Company will be situated in the Republic of Singapore.

3. The liability of the members is limited.

4. Subject to the provisions of the Companies Act, Cap. 50, any other written law and the Memorandum and Articles of Association of the Company, the Company has:

   (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and

   (b) for the purposes of paragraph (a), full rights, powers and privileges.

I/We, the person/several persons whose name(s), address(es) and description(s) are subscribed am/are desirous of being formed into a company in pursuance of this Memorandum of Association and I/we respectively agree to take the number of share(s) in the capital of the Company set opposite my name/our respective names.

Name(s), Address(es) and Description of Subscriber(s)	Number of Share(s) taken by the Subscriber(s)
JANAK ~~NATVARIAL~~ NATVARLAL DESAI 335 Bukit Timah Road Wing On Life Garden #12-02 Singapore 259718 Director	ONE ONE (1)
TOTAL NUMBER OF SHARE(S) TAKEN	ONE (1)

Dated this 29 OCT 2007 day of 2007.

Witness to the above signature(s):

JULIET ANG
Advocate & Solicitor
Singapore

Name:
Title: Advocate & Solicitor / ~~A member of the Singapore Association of the Institute of Chartered Secretaries and Administrators~~

THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

HMH DRILLING ASIA PTE. LTD.
~~BAKER HUGHES DRILLING ASIA PTE. LTD.~~

PRELIMINARY

Table "A" not to apply.

1. The regulations contained in Table "A" in the Fourth Schedule to the Companies Act, Cap. 50 shall not apply to the Company, but the following shall subject to repeal, addition and alteration as provided by the Act or these Articles be the regulations of the Company.

Interpretation.

2. In these Articles, if not inconsistent with the subject or context, the words standing in the first column of the Table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:-

Amended by Special Resolution passed on 29 October 2021

WORDS		**MEANINGS**
"The Act"	..	The Companies Act, Cap. 50 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.
"These Articles"	..	These Articles of Association or other regulations of the Company for the time being in force.
"The Company"	..	The abovenamed Company by whatever name from time to time called.
"Directors"	..	The Director(s) for the time being of the Company or such number of them as have authority to act for the Company.
"Director"	..	Includes any person acting as a Director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.
"Dividend"	..	Includes bonus.

"Member"	..	A Member of the Company (which shall, where the Act requires, exclude the Company where it is registered as a member by virtue of its holding shares as treasury shares).
"Month"	..	Calendar month.
"Office"	..	The Registered Office of the Company for the time being.
"Paid Up"	..	Includes credited as paid up.
"Register"	..	The Register of Members.
"Seal"	..	The Common Seal of the Company or in appropriate cases the Official Seal or duplicate Common Seal.
"Secretary"	..	The Secretary or Secretaries appointed under these Articles and shall include any person entitled to perform the duties of Secretary temporarily.
"Singapore"	..	The Republic of Singapore.
"Writing" and "Written"	..	Includes printing, lithography, typewriting and any other mode of representing or reproducing words in a visible form.
"Year"	..	Calendar Year.

Words denoting the singular number only shall include the plural and vice versa.

Words denoting the masculine gender only shall include the feminine gender.

Words denoting persons shall include corporations.

Save as aforesaid, any word or expression used in the Act and the Interpretation Act, Cap. 1 shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

BUSINESS

3. Subject to the provisions of the Act, the Memorandum of Association of the Company or these Articles, any branch or kind of business may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

Any branch of business may be undertaken by Directors.

PRIVATE COMPANY

4. The Company is a private company, and accordingly:-

Limited number of members and restrictions on transfer of shares.

(a) the number of the Members of the Company (not including persons who are in the employment of the Company or of its subsidiary and persons who having been formerly in the employment of the Company or of its subsidiary were while in the employment and have continued after the determination of that employment to be Members of the Company) shall be limited to fifty Provided that for the purposes of this provision where two or more persons hold one or more shares in the

Company jointly they shall be treated as a single Member; and

(b) the right to transfer the shares of the Company shall be restricted in the manner hereinafter appearing.

SHARES

5. Except as is otherwise expressly permitted by the Act, the Company shall not give, whether directly or indirectly and whether by means of the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise, any financial assistance for the purpose of, or in connection with, the acquisition or proposed acquisition of shares or units of shares in the Company or its holding company.

Prohibition against financial assistance.

6. The Company may, subject to and in accordance with the Act, purchase or otherwise acquire ordinary shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. The Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share).

Company may acquire its own issued ordinary shares.

7. Save as provided by Section 161 of the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to the provisions of these Articles, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions (subject to the provisions of the Act) and at such time as the Company in General Meeting may approve.

Issue of Shares.

8. (a) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Without prejudice to any special right previously conferred on the holders of any existing shares or class of shares but subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors determine.

Special Rights.

(b) Notwithstanding anything in these Articles, a treasury share shall be subject to such rights and restrictions as may be prescribed in the Act and may be dealt with by the Company in such manner as may be permitted by, and in accordance with, the Act. For the avoidance of doubt, save as expressly permitted by the Act, the Company shall not be entitled to any rights of a Member under these Articles.

Treasury shares

9. If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be person(s) at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned, within two months of the Meeting shall be as valid and effectual as a Special Resolution, carried at the Meeting.

Variation of rights.

Article 9A: Amended by Special Resolution passed on 29 October 2021

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Creation or issue of further shares with special rights.

11. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

Power to pay commission and brokerage.

12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or the provisions of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Power to charge interest on capital.

13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.

Exclusion of equities.

14. If two or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares. Such joint holders shall be deemed to be one Member and the delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Joint holders.

15. No person shall be recognised by the Company as having title to a fractional part of a share or otherwise than as the sole or a joint holder of the entirety of such share.

Fractional part of a share.

16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Payment of instalments.

17. The certificate of title to shares in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and shall bear the autographic or facsimile signatures of at least one Director and the Secretary or a second Director or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amount paid on the shares, the amount (if any) unpaid on the shares and the extent to which the shares are paid up. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

Share Certificates.

18. Every person whose name is entered as a Member in the Register shall be entitled within two months after allotment or within one month after the lodgment of any transfer to one certificate for all his shares of any one class or to several certificates

Entitlement to certificates.

in reasonable denominations each for a part of the shares so allotted or transferred. Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay a fee not exceeding $2/- for each such new certificate as the Directors may determine.

19. If any certificate or other document of title to shares or debentures be worn out or defaced, then upon production thereof to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof. For every certificate so issued there shall be paid to the Company the amount of the proper duty, if any, with which such certificate is chargeable under any law for the time being in force relating to stamps together with a further fee not exceeding $2/- as the Directors may determine. Subject to the provisions of the Act and the requirements of the Directors thereunder, if any certificate or document be lost or destroyed or stolen, then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, and on the payment of the amount of the proper duty with which such certificate or document is chargeable under any law for the time being in force relating to stamps together with a further fee not exceeding $2/- as the Directors may determine, a new certificate or document in lieu thereof shall be given to the person entitled to such lost or destroyed or stolen certificate or document.

New certificates may be issued.

RESTRICTION ON TRANSFER OF SHARES

20. Subject to the restrictions of these Articles, any Member may transfer all or any of his shares, but every transfer must be in writing and in the usual common form, or in any other form which the Directors may approve. The instrument of transfer of a share shall be signed both by the transferor and by the transferee, and by the witness or witnesses thereto and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Shares of different classes shall not be comprised in the same instrument of transfer.

Form of Transfer.

21. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Retention of Transfers.

22. No share shall in any circumstances be transferred to any infant or bankrupt or person of unsound mind.

Infant, bankrupt or unsound mind.

23. The Directors may, in their absolute discretion, decline to register any transfer of shares on which the Company has a lien or to a person of whom they do not approve but shall in such event, within one month after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal. If the Directors refuse to register a transfer they shall within one month of the date of application for the transfer by notice in writing to the applicant state the facts which are considered to justify the refusal to register the transfer.

Directors' power to decline to register.

Article 23A: Amended by Special Resolution passed on 29 October 2021

24. The Directors may decline to register any instrument of transfer of shares unless:-

Instrument of transfer.

(a) such fee not exceeding $2/- or such other sum as the Directors may from time to time require under the provisions of these Articles, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamps is paid; and

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

Article 24A: Amended by Special Resolution passed on 29 October 2021

25. The Company shall provide a book to be called "Register of Transfers" which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares. Register of Transfers.

26. The Register may be closed at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty days in any year. Closure of Register.

TRANSMISSION OF SHARES

27. In case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share held by him. Transmission on death.

28. Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. Persons becoming entitled on death or bankruptcy of Member may be registered.

29. Save as otherwise provided by or in accordance with these Articles a person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof to exercise any right conferred by membership in relation to Meetings of the Company until he shall have been registered as a Member in respect of the share. Rights of unregistered executors and trustees.

30. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding \$2/- as the Directors may from time to time require or prescribe. Fee for registration of probate etc.

CALLS ON SHARES

31. The Directors may from time to time make such calls as they think fit upon the Members in respect of any moneys unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to Calls on shares.

receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments. Time when made.

33. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. Interest on calls.

34. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date, on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. Sum due on allotment.

35. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments. Power to differentiate.

36. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned the Company may pay interest at such rate not exceeding ten per cent per annum as the Member paying such sum and the Directors agree upon. Payment in advance of calls.

FORFEITURE AND LIEN

37. If any Member fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expenses which may have accrued. Notice requiring payment of calls.

38. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited. Notice to state time and place.

39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. Forfeiture on non-compliance with notice.

40. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any Sale of shares forfeited.

other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

Article 40A: Amended by Special Resolution passed on 29 October 2021

Rights and liabilities of Members whose shares have been forfeited or surrendered.

41. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

Company's lien.

42. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and on all dividends from time to time declared in respect of the shares. The Directors may resolve that any share shall for some specified period be exempt from the provisions of this Article.

Articles 42A and 43: Amended by Special Resolution passed on 29 October 2021

Sale of shares subject to lien.

43. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Application of proceeds of such sale.

44. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Title to shares forfeited or surrendered or sold to satisfy a lien.

45. A statutory declaration in writing that the declarant is a Director of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the certificate of proprietorship of the share under Seal delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.

ALTERATION OF CAPITAL

Rights and privileges of

46. Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon

the creation thereof shall direct and if no direction be given as the Directors shall determine subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise. new shares.

47. Unless otherwise determined by the Company in General Meeting any original shares for the time being unissued and any new shares from time to time to be created shall before issue be offered in the first instance to all the then holders of any class of shares in proportion as nearly as may be to the number of shares held by them. In offering such shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may dispose of or not issue any such shares which by reason of the proportion borne by them to the number of holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this Article. Issue of new shares to Members.

48. Except so far as otherwise provided by the conditions of issue or by these Articles all new shares shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise. New shares otherwise subject to provisions of Articles.

49. The Company may by Ordinary Resolution:- Power to consolidate, cancel and subdivide shares.

(a) consolidate and divide all or any of its share capital;

(b) cancel any shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital accordingly;

(c) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(d) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

50. The Company may reduce its share capital in accordance with the provisions of the Act and any other applicable law. Power to reduce capital.

STOCK

51. The Company may by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares. Power to convert into stock.

52. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine. Transfer of stock.

53. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stockholders.

54. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expressions herein shall include "stock" or "stockholder". Interpretation.

GENERAL MEETINGS

55. In accordance with and subject to the provisions of the Act, the Company shall hold a general meeting as its Annual General Meeting (unless such meeting has been dispensed with in accordance with the provisions of the Act) in addition to any other meetings in that year. Annual General Meeting.

56. (a) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. Extraordinary General Meetings.

(b) The time and place of any General Meeting shall be determined by the Directors. Time and Place.

57. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists, as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. Calling Extraordinary General Meetings.

NOTICE OF GENERAL MEETINGS

58. Subject to the provisions of the Act as to Special Resolutions and special notice, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company. Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:- Notice of Meetings.

(a) in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the Members having a right to vote at that meeting.

Provided also that the accidental omission to give notice to, or the non-receipt by, any person entitled thereto shall not invalidate the proceedings at any General Meeting.

59. (a) Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company. Contents of notice.

(b) In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.

(c) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

60. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:- Routine Business.

(a) Declaring dividends;

(b) Reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet;

(c) Appointing Auditors and fixing the remuneration of Auditors or determining the manner in which such remuneration is to be fixed; and

(d) Fixing the remuneration of the Directors proposed to be paid under Article 86.

PROCEEDINGS AT GENERAL MEETINGS

61. (a) No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two Members shall form a quorum, but in the event of the Company having only one Member (whether an individual or a corporation being beneficially entitled to the whole of the issued capital of the Company), such individual Member or a person representing such corporation shall be a quorum and shall be deemed to constitute a Meeting. If applicable, the provisions of Section 179 of the Act shall apply. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (a) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum. Quorum.

(b) If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within fifteen minutes from the time appointed for holding the Meeting, the Meeting shall be dissolved. No notice of any such adjournment as aforesaid shall be required to be given to the Members. Adjournment if quorum not present.

62. Subject to the provisions of the Act, the Members may participate in a General Meeting by conference telephone or by means of a similar communication Participation in a Meeting

equipment whereby all persons participating in the meeting are able to hear each other in which event such Members shall be deemed to be present at the meeting. A Member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Members present for purposes of the meeting is assembled or, if there is no such group, where the Chairman is present. by conference telephone.

63. A resolution in writing may be passed by the Members in accordance with the provisions of the Act and may consist of several documents in the like form, each signed by one or more of such Members. Resolution in writing.

64. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any Meeting he be not present within fifteen minutes after the time appointed for holding the Meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director be present or if all the Directors present decline to take the Chair, one of their number present, to be Chairman. Chairman.

65. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting) adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a Meeting is adjourned for thirty days or more, notice of the adjourned Meeting shall be given as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting. Adjournment.

66. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:- Method of voting.

(a) by the Chairman (being a person entitled to vote thereat); or

(b) by at least one Member present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(c) by any Member or Members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or

(d) by a Member or Members present in person or by proxy or by attorney or in the case of a corporation by a representative, holding shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll be so demanded (and the demand be not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

67. If a poll be duly demanded (and the demand be not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Taking a poll.

68. If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude. Votes counted in error.

69. In the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote. Chairman's casting vote.

70. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. Time for taking a poll.

71. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded. Continuance of business after demand for a poll.

VOTES OF MEMBERS

72. Subject to the Act, these Articles and to any special rights or restrictions as to voting attached to any class of shares hereinafter issued on a show of hands every Member who is present in person or by proxy or attorney or in the case of a corporation by a representative shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll every such Member shall have one vote for every share of which he is the holder. Voting rights of Members.

73. Where there are joint registered holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any Meeting that one of such persons so present whose name stands first in the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof. Voting rights of joint holders.

74. A Member of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorders may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty eight hours before the time appointed for holding the Meeting. Voting rights of Members of unsound mind.

75. Subject to the provisions of the Act and these Articles, every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. Right to vote.

76. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive. Objections.

77. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Votes on a poll.

78. An instrument appointing a proxy shall be in writing and:- Appointment of proxies.

(a) in the case of an individual shall be signed by the appointor or by his attorney; and

(b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.

The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

79. A proxy need not be a Member of the Company. Proxy need not be a Member.

80. An instrument appointing a proxy or the power of attorney or other authority, if any, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine. Deposit of proxies.

81. An instrument appointing a proxy shall be in the following form with such variations if any as circumstances may require or in such other form as the Directors may accept and shall be deemed to include the right to demand or join in demanding a poll:- Form of proxies.

GE DRILLING ASIA PTE. LTD.
(w.e.f. 1 January 2016)
(By way of a Sepcial Resolutions dated 30 December 2015)

"I/We,
of
a Member/Members of the abovenamed Company
hereby appoint
of
or whom failing
of
to vote for me/us and on my/our behalf
at the (Annual, Extraordinary or Adjourned,
as the case may be) General Meeting of
the Company to be held on the day
of and at every adjournment

thereof.
Dated this day of 20 ."

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates and need not be witnessed.

82. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Intervening death or insanity of principal not to revoke proxy.

83. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company.

Corporations acting by representatives.

DIRECTORS

84. Subject to the other provisions of Section 145 of the Act, the Company shall have at least one Director, and all Directors shall be natural persons.

Number of Directors.

85. A Director need not be a Member and shall not be required to hold any share qualification unless and until otherwise determined by the Company in General Meeting but shall be entitled to attend and speak at General Meetings.

Qualification.

86. Subject to Section 169 of the Act, the remuneration of the Directors shall be determined from time to time by the Company in General Meeting, and shall be divisible among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for the proportion of remuneration related to the period during which he has held office.

Remuneration of Directors.

87. The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Travelling expenses.

88. Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may, subject to Section 169 of the Act, be paid such extra remuneration as the Directors may determine.

Extra Remuneration.

89. Other than the office of Auditor (or Secretary in the case of the Company having only one Director), a Director may hold any other office or place of profit under the Company and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his

Power of Directors to hold office of profit and to contract with Company.

office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

90. Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Subject to such disclosure, a Director shall be entitled to vote in respect of any transaction or arrangement in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

Directors to observe Section 156 of the Act.

91. (a) A Director may be or become a director of or hold any office or place of profit (other than as Auditor or Secretary in the case of the Company having only one Director) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.

Holding of office in other companies.

(b) The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

Directors may exercise voting power conferred by Company's shares in another company.

MANAGING DIRECTORS

92. The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places.

Appointment of Managing Directors.

93. A Managing Director shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director from any cause he shall ipso facto and immediately cease to be a Managing Director.

Resignation and removal of Managing Director.

94. The remuneration of a Managing Director shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participation in profits or by any or all of these modes.

Remuneration of Managing Director.

95. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke withdraw alter or vary all or any of such powers.

Powers of Managing Director.

VACATION OF OFFICE OF DIRECTOR

96. The office of a Director shall be vacated in any one of the following events, namely:- Vacation of office of Director.

(a) if he becomes prohibited from being a Director by reason of any order made under the Act;

(b) if he ceases to be a Director by virtue of any of the provisions of the Act or these Articles;

(c) if he resigns by writing under his hand left at the Office;

(d) if he has a receiving order made against him or suspends payments or compounds with his creditors generally; or

(e) if he is found lunatic or becomes of unsound mind.

APPOINTMENT AND REMOVAL OF DIRECTORS

97. The Company may by Ordinary Resolution remove any Director before the expiration of his period of office, notwithstanding anything in these Articles or in any agreement between the Company and such Director. Removal of Directors.

98. The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under the immediately preceding Article. Appointment in place of Director removed.

99. The Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Directors' power to fill casual vacancies and to appoint additional Director.

ALTERNATE DIRECTORS

100. (a) Any Director may at any time by writing under his hand and deposited at the Office or by telefax, telex, cable or electronic mail sent to the Secretary appoint any person to be his Alternate Director and may in like manner at any time terminate such appointment. Any appointment or removal by telefax, telex, cable or electronic mail shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile. Appointment of Alternate Directors.

(b) A Director or any other person may act as an Alternate Director to represent more than one Director and such Alternate Director shall be entitled at Directors' meetings to one vote for every Director whom he represents in addition to his own vote if he is a Director.

(c) The appointment of an Alternate Director shall ipso facto determine on the happening of any event which if he were a Director would render his office as a Director to be vacated and his appointment shall also determine ipso facto if his appointor ceases for any reason to be a Director.

(d) An Alternate Director shall be entitled to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally, if his appointor is absent from Singapore or is otherwise unable to act as such Director, to perform all functions of his appointor as a Director (except the power to appoint an Alternate Director) and to sign any resolution in accordance with the provisions of Article 106.

(e) An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being under these Articles but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote Provided that he shall not constitute a quorum under Article 103 if he is the only person present at the meeting notwithstanding that he may be an Alternate to more than one Director.

(f) An Alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

(g) An Alternate Director shall not be required to hold any share qualification.

PROCEEDINGS OF DIRECTORS

Meetings of Directors.

101. (a) The Directors may meet together for the despatch of business, adjourn or otherwise regulate their meetings as they think fit. Subject to the provisions of these Articles questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

Participation in a Meeting by conference telephone.

(b) Any Director or his Alternate may participate at a meeting of the Directors by conference telephone or by means of a similar communication equipment whereby all persons participating in the meeting are able to hear each other in which event such Director or his Alternate shall be deemed to be present at the meeting. A Director or his Alternate participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Directors present for purposes of the meeting is assembled or, if there is no such group, where the Chairman is present.

Convening meetings of Directors.

102. A Director may and the Secretary on the requisition of a Director shall at any time summon a meeting of the Directors but it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore.

Quorum.

103. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two, save where the Company has only one Director, such sole Director shall be a quorum and shall be deemed to constitute a meeting. A meeting of the Directors at which a quorum is present shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors.

Proceedings in case of vacancies.

104. The continuing Directors may act notwithstanding any vacancies in their body but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling up such vacancies or of summoning General Meetings of the Company but not for any other purpose. If there be no Directors or Director able or willing to act, then any two Members may summon a General Meeting for the purpose of appointing Directors.

105. The Directors may from time to time elect a Chairman and if desired a Deputy Chairman and determine the period for which he is or they are to hold office. The Deputy Chairman will perform the duties of the Chairman during the Chairman's absence for any reason. The Chairman and in his absence the Deputy Chairman shall preside as Chairman at meetings of the Directors but if no such Chairman or Deputy Chairman be elected or if at any meeting the Chairman and the Deputy Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

Chairman of Directors.

106. A resolution in writing signed by a majority of the Directors for the time being and being not less than are sufficient to form a quorum shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form each signed by one or more of the Directors. Provided that where a Director has appointed an Alternate Director, the Director or (in lieu of the Director) his Alternate Director may sign. The expressions "in writing" and "signed" include approval by telex, telefax, cable, telegram or via electronic mail by any such Director.

Resolutions in writing.

107. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.

Power to appoint committees.

108. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

Proceedings at committee meetings.

109. All acts done by any meeting of Directors or of a committee of Directors or by any person acting as Director shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were disqualified or had vacated office or were not entitled to vote be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

Validity of acts of Directors in spite of some formal defect.

GENERAL POWERS OF THE DIRECTORS

110. The management of the business of the Company shall be vested in the Directors who (in addition to the powers and authorities by these Articles or otherwise expressly conferred upon them) may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by the Act expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of the Act and of these Articles and to any regulations from time to time made by the Company in General Meeting provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made and in particular and without prejudice to the generality of the foregoing the Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law together with collateral power of hypothecating the assets of the Company including any uncalled or called but unpaid capital; provided that the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in General Meeting.

General powers of Directors to manage Company's business.

111. The Directors may from time to time by power of attorney appoint any company, firm or person or any fluctuating body of persons whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney as the Directors may think fit and may also authorise any such attorney to subdelegate all or any of the powers, authorities and discretions vested in him. Power to appoint attorneys.

112. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by Resolution determine. Signature of cheques and bills.

BORROWING POWERS

113. The Directors may borrow or raise money from time to time for the purpose of the Company or secure the payment of such sums as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures or otherwise as they may think fit. Directors' borrowing powers.

SECRETARY

114. The Secretary or Secretaries shall and a Deputy or Assistant Secretary or Secretaries may be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary, Deputy or Assistant Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. The appointment and duties of the Secretary or Secretaries shall not conflict with the provisions of the Act and in particular Section 171 thereof. Secretary.

115. Where the Company has only one Director, such Director may not hold the office of the Secretary. Sole Director not to act as Secretary

SEAL

116. (a) The Directors shall provide for the safe custody of the Seal, which shall only be used by the authority of the Directors or a committee of Directors authorised by the Directors in that behalf, and every instrument to which the Seal shall be affixed shall (subject to the provisions of these Articles as to certificates for shares) be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors in place of the Secretary for the purpose. Seal.

(b) The Company may exercise the powers conferred by the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Directors. Official Seal.

(c) The Company may have a duplicate Common Seal as referred to in Section 124 of the Act which shall be a facsimile of the Common Seal with the addition on its face of the words "Share Seal". Share Seal.

AUTHENTICATION OF DOCUMENTS

117. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager and other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

Power to authenticate documents.

118. A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

Certified copies of resolution of the Directors.

DIVIDENDS AND RESERVES

119. The Company may by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors.

Payment of dividends.

120. Subject to the rights of holders of shares with special rights as to dividend (if any), and the Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this Article, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

Apportionment of dividends.

121. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Payment of preference and interim dividends.

122. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Dividends not to bear interest.

123. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.

Deduction of debts due to Company.

124. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien.

125. The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore

Retention of dividends on

contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. shares pending transmission.

126. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. Unclaimed dividends.

127. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways; and the Directors shall give effect to such Resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. Payment of dividend in specie.

128. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder to any one of such persons or to such persons and such address as such persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Dividends payable by cheque.

129. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer. Effect of transfer.

RESERVES

130. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide. Power to carry profit to reserve.

CAPITALISATION OF PROFITS AND RESERVES

131. The Company may, upon the recommendation of the Directors, by Ordinary Resolution resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in one way and partly in the other. Power to capitalise profits.

132. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures (if any) and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members. Implementation of resolution to capitalise profits.

MINUTES AND BOOKS

133. The Directors shall cause minutes to be made in books to be provided for the purpose:- Minutes.

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of Directors and of any committee of Directors; and

(c) of all Resolutions and proceedings at all Meetings of the Company and of any class of Members, of the Directors and of committees of Directors.

134. The Directors shall duly comply with the provisions of the Act and in particular the provisions in regard to registration of charges created by or affecting property of the Company, in regard to keeping a Register of Directors, Managers, Secretaries and Auditors, the Register, a Register of Mortgages and Charges and a Register of Directors' Share and Debenture Holdings and in regard to the production and furnishing of copies of such Registers and of any Register of Holders of Debentures of the Company. Keeping of Registers, etc.

135. Any register, index, minute book, book of accounts or other book required by these Articles or by the Act to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery. Form of registers, etc.

ACCOUNTS

136. The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act. Directors to keep proper accounts.

137. Subject to the provisions of Section 199 of the Act, the books of accounts shall be kept at the Office or at such other place or places as the Directors think fit within Singapore. No Member (other than a Director) shall have any right of inspecting any account or book or document or other recording of the Company except as is conferred by law or authorised by the Directors or by an Ordinary Resolution of the Company. Location and inspection.

138. The Directors shall, in accordance with the provisions of the Act, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary (unless such meeting has been dispensed with in accordance with the provisions of the Act). Presentation of accounts.

139. A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by the Act to be annexed thereto) shall not less than fourteen days (or, where such meeting has been dispensed with in accordance with the provisions of the Act, twenty-eight days before the date such meeting was to be held) before the date of the Meeting be sent to every Member of, and every holder of debentures (if any) of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of a share in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. Copies of accounts.

AUDITORS

140. Auditors shall be appointed (unless the Company is exempted from such requirement under the Act) and their duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act. Appointment of Auditors.

141. Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment. Validity of acts of Auditors in spite of some formal defect.

142. The Auditors shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting to which any Member is entitled and to be heard at any General Meeting on any part of the business of the Meeting which concerns them as Auditors. Auditors' right to receive notices of and attend at General Meetings.

NOTICES

143. (a) Any notice may be given by the Company to any Member in any of the following ways:- Service of notice.

(i) by delivering the notice personally to him; or

(ii) by sending it by prepaid mail to him at his registered address in Singapore or where such address is outside Singapore by prepaid air-mail; or

(iii) by sending a cable or telex or telefax or by electronic mail containing the text of the notice to him at his registered address in Singapore or where such address is outside Singapore to such address or to any other address as might have been previously notified by the Member concerned to the Company; or

(iv) by such other manner as may be prescribed by the Act (including without limitation, by electronic communication).

(b) Any notice or other communication served under any of the provisions of these Articles on or by the Company or any officer of the Company may be tested or verified by telex or telefax or electronic mail or telephone or such other manner as may be convenient in the circumstances but the Company and its officers are under no obligation so to test or verify any such notice or communication.

144. All notices and documents (including a share certificate) with respect to any shares to which persons are jointly entitled shall be given to whichever of such persons is named first on the Register and notice so given shall be sufficient notice to all the holders of such shares. Service of notices in respect of joint holders.

145. Any Member with a registered address shall be entitled to have served upon him at such address any notice to which he is entitled under these Articles. Members shall be served at registered address.

146. A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address for the service of notice, shall be entitled to have served upon him at such address any notice or document to which the Member but for his death or bankruptcy or otherwise would be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall (notwithstanding that such Member be then dead or bankrupt or otherwise not entitled to such share and whether or not the Company shall have notice of the same) be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder. Service of notices after death etc. of a Member.

147. (a) Any notice given in conformity with Article 143 shall be deemed to have been given at any of the following times as may be appropriate:- When service effected.

(i) when it is delivered personally to the Member, at the time when it is so delivered;

(ii) when it is sent by prepaid mail to an address in Singapore or by prepaid airmail to an address outside Singapore, on the day following that on which the notice was put into the post;

(iii) when the notice is sent by cable or telex or telefax or electronic mail, the day it is so sent; and

(iv) in the case of any notice given in any other manner, at such times as may be prescribed by the Act.

(b) In proving such service or sending, it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a prepaid letter or airmail letter as the case may be or that a telex or telefax or electronic mail was properly addressed and transmitted or that a cable was properly addressed and handed to the relevant authority for despatch.

148. Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.

Signature on notice.

149. When a given number of days' notice or notice extending over any other period is required to be given the day of service shall not, unless it is otherwise provided or required by these Articles or by the Act, be counted in such number of days or period.

Day of service not counted.

150. (a) Notice of every General Meeting shall be given in manner hereinbefore authorised to:-

Notice of General Meeting.

(i) every Member;

(ii) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the Meeting; and

(iii) the Auditor for the time being of the Company.

(b) No other person shall be entitled to receive notices of General Meetings.

151. The provisions of Articles 143, 147, 148 and 149 shall apply mutatis mutandis to notices of meetings of Directors or any committee of Directors.

Notice of meetings of Directors or any committee of Directors.

WINDING UP

152. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the Court) the Liquidator may, with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority thinks fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Distribution of assets in specie.

INDEMNITY

153. Subject to the provisions of the Act, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto and in particular and without prejudice to the generality of the foregoing no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust. Indemnity of Directors and officers.

SECRECY

154. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members of the Company to communicate to the public save as may be authorised by law. Secrecy.

NAME(S), ADDRESS(ES) AND DESCRIPTION OF SUBSCRIBER(S)

JANAK ~~NATVARIAL~~ DESAI
NATVARLAL
335 Bukit Timah Road
Wing On Life Garden
#12-02
Singapore 259718

Director

Dated this 29 OCT 2007 day of 2007.

Witness to the above signature(s):

JULIET ANG
Advocate & Solicitor
Singapore

Name:
Title: Advocate & Solicitor / ~~A member of the Singapore Association of the Institute of Chartered Secretaries and Administrators~~

Annex 2 Financial Information

- The Company's audited special purpose consolidated financial statements as at December 31st 2021 for the period 28th April 2021 to December 31st 2021
- Each Guarantor's audited financial statements as at, and for the period year ended December 31st 2020*
- Each Guarantor's audited financial statements as at, and for the year ended December 31st 2021
- The unaudited Interim condensed financial information as of June 30 2022 for HMH Holding B.V. (this interim financial information is not prepared in accordance with IAS34).

*Hydril USA Distribution LLC was first audited as a stand-alone entity in 2021, therefore no 2020 financial statements is available for the entity.

HMH

Consolidated Financial Statements 2021

HMH Holding B.V. including subsidiaries

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Notes to the Consolidated Financial Statements

Consolidated income statement

Amounts in USD thousands	*Notes*	**28.04.2021-31.12.2021**
Revenue and other income	2.1	169 736
Materials, goods and services		67 361
Salaries, wages and social security costs	2.4	46 303
Other operating expenses	2.5	22 883
Operating expenses		**136 547**
Operating profit before depreciation, amortization and impairment		33 189
Depreciation and amortization	3.1-3.3	12 662
Impairment	3.4	1 587
Operating profit / loss(-)		**18 941**
Finance income	4.4	4 111
Finance expenses	4.4	18 602
Profit / loss(-) from equity-accounted investees	6.3	63
Net finance expenses		-14 428
Profit / loss(-) before tax		**4 512**
Income tax expense (income)	5.1	4 428
Profit / loss(-) for the period		**84**
Profit attributable to:		
Equity holders of the parent		84

Consolidated statement of comprehensive income

Amounts in USD thousands	*Notes*	**31.12.2021**
Profit (loss) for the period		**84**
Other comprehensive income		
Cash flow hedges, gross amount		**1 329**
Cash flow hedges, tax effect		**-266**
Total change in hedging reserve, net of tax	4.5	**1 063**
Total change in fair value reserve, net of tax		**-**
Currency translation differences - foreign operations		**-1 693**
Currency translation differences, reclassification to income statement upon disposal		**-**
Deferred tax of currency translation differences – foreign operations		**-**
Share of OCI from equity-accounted investees		**-**
Total change in currency translation reserve, net of tax		
Total items that may be reclassified subsequently to profit or loss, net of tax		**-630**
Remeasurement gain (loss) net defined benefit liability	2.4	-1 018
Deferred tax of remeasurement gain (loss) net defined benefit liability	2.4, 4.7	281
Total items that will not be reclassified to profit or loss, net of tax		**-737**
Total other comprehensive income / loss(-) for the period, net of tax		**-1 367**
Total comprehensive income / loss(-)		**-1 282**
Total comprehensive income / loss(-) attributable to:		
Equity holders of the parent		-1 282
Non-controlling interests		-

Consolidated statement of financial position

USD thousands	Notes	31.12.2021
ASSETS		
Non-current assets		
Deferred tax assets	5.1	38 750
Property, plant and equipment	3.1	228 233
Other Intangible assets	3.3	173 338
Right-of-use assets	3.2	41 588
Goodwill	3.3	281 035
Equity-accounted investees	6.3	186
Other investments		39
Other non-current assets		346
Total non-current assets		**763 514**
Current assets		
Inventories	2.3	156 932
Trade receivables and other current assets	2.6	240 789
Derivative financial instruments	4.2	7 104
Current financial assets	4.2	44 295
Cash and cash equivalents	4.3	91 725
Total current assets		**540 845**
TOTAL ASSETS		**1 304 359**

EQUITY AND LIABILITIES		
Equity		
Share capital	4.7	0
Share premium	4.7	600 000
Other equity	4.7	-1 367
Retained earnings		84
Total equity		**598 718**
Non-current liabilities		
Non-current borrowings	4.8	169 742
Non-current lease liabilities	3.2	33 041
Employee benefit obligations	2.4	26 627
Deferred tax liabilities	5.1	25 863
Non-current provisions	7.2	5 288
Other non-current liabilities	7.1	2 896
Total non-current liabilities		**263 457**
Current liabilities		
Current borrowings	4.8	149 874
Current lease liabilities	3.2	10 207
Current tax liabilities	5.1	5 988
Current provisions	7.2	14 206
Trade payables and other current liabilities	2.7	255 914
Derivative financial instruments	4.2	5 996
Total current liabilities		**442 184**
Total liabilities		**705 641**
TOTAL EQUITY AND LIABILITIES		**1 304 359**

Amsterdam, September 01, 2022

Merrill Anthony Miller
(chairman of the board)

Karl Erik Kjelstad
(board member)

Neil Saunders
(board member)

Kristian Monsen Røkke
(board member)

Larry Brian Worrell
(board member)

Consolidated statement of cash flows

Amounts in USD thousands	Notes	28.04.2021-31.12.2021
Cash flow from operating activities		
Profit (loss) before tax		4 512
Adjustments for:		
Net finance income and expenses		14 492
Depreciation, amortization and impairment		14 248
(Gain) loss on disposal of assets	2.1	-21
(Profit) loss from equity-accounted investees	6.3	-63
		33 168
Changes in working capital:		
Decrease/(increase) in trade receivables and other current assets		-80 902
Increase/(decrease) in inventories		7 571
Increase/(decrease) in trade payables and other liabilities		46 920
Other changes		19 469
		-6 941
Interest paid	4.4	-185
Interest paid for leases	4.4	-601
Interest received	4.4	393
Income taxes paid	5.1	-
Net cash from operating activities		**25 834**
Cash flow from investing activities		
Purchase of property, plant and equipment	3.1	-1 550
Payments for capitalized development expenses	3.3	-306
Proceeds from sale of property, plant and equipment	3.1,2.1	21
Acquisition of subsidiaries, net of cash acquired	6.1	-146 977
Net cash flow from investing activities		**-148 811**
Cash flow from financing activities		
Proceeds from borrowing	4.8	220 000
Payment of borrowing cost	4.8	-2 385
Payment of lease liabilities	3.2	-1 743
Net cash flow from financing activities		**215 872**
Effect of exchange rate changes on cash and bank deposits		-1 169
Net increase (decrease) in cash and bank deposits		**91 725**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		**91 725**

Consolidated statement of changes in equity

Amounts in USD thousands	*Note*	Share capital	Share premium	Other equity: Hedging reserve	Other equity: Pension remeasurement reserve	Other equity: Currency translation reserve	Retained earnings	Total equity
2021								
Equity as of April 28, 2021[1)]		0						**0**
Profit (loss) for the period							84	**84**
Other comprehensive income				1 063	-737	-1 693		**-1 367**
Total comprehensive income		**-**	**-**	**1 063**	**-737**	**-1 693**	**84**	**-1 282**
								-
Increase in share capital and premium October 1, 2021	4.7	0	600 000					**600 000**
Equity as of December 31, 2021		**0**	**600 000**	**1 063**	**-737**	**-1 693**	**84**	**598 718**

[1)] Share capital is 0.001 thousand USD at April 28, 2021, and 0.002 thousand USD at 31.12.2021

Section 1 - Background

1.1 General information

Corporate information

HMH Holding B.V. is a limited liability company that was incorporated and domiciled in the Netherlands on the April 28, 2021. The registered office is located at Amstelveenseweg 500, 1081KL Amsterdam, Netherlands.

The HMH group was established with effect from October 1, 2021, through the parent company's acquisition of all shares in MHWirth AS from Akastor ASA and the Subsea Drilling System business from Baker Hughes. These transactions have been accounted for as a business combination under IFRS 3, hence profit and loss items in the former MHWirth AS and Subsea Drilling System business have been incorporated in these financial statements from October 1, 2021. For more information on the purchase price allocation and related accounting, see note 1.2 significant accounting policies (formation of the group) and note 6.1. business combination. After these transactions, the shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%). Akastor ASA fully owns Akastor AS and Mercury HoldCo Inc.

HMH is a leading global provider of full-service offshore and onshore drilling equipment offering that provides our customers with a broad portfolio of products and services that are designed to be safer and more efficient. Company vision is centered on an unparalleled commitment to quality and yielding economic advantages for customers and stakeholders. HMH has a global span covering five continents with offices in 16 countries.

Basis for preparation

Basis of accounting
These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB).

In connection with the application for listing of HMH Holding B.V.'s bond on Oslo Børs, special purpose consolidated financial statements for the HMH Holding B.V. group are prepared as at and for the year ended 31 December 2021. As the group was established in 2021, the consolidated financial statements do not include comparative financial information. The special purpose consolidated financial statements were approved by the HMH Holding B.V. Board of Directors on September 01, 2022.

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet the mandatory terms and conditions of the banking facilities and all other commitments as disclosed in note 4.6 Capital management.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date:

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at Fair Value through Profit or Loss (FVTPL) are measured at fair value.
- Net defined benefit (asset) liability is recognized at fair value of plan assets less the present value of the defined benefit obligation.

Functional and presentation currency
The consolidated financial statements are presented in USD, which is HMH Holding B.V.'s functional currency. All financial information presented in USD has been rounded to the nearest thousand (USD thousand), except when otherwise stated. The subtotals and totals in some of the tables in these consolidated financial statements may not equal the sum of the amounts shown due to rounding.

Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although management believes these assumptions to be reasonable, given historical experience, actual amounts and results could differ from these estimates. The items involving a higher degree of judgement or complexity, and items where assumptions and estimates are material to the consolidated financial statements, are disclosed in note 1.3 Significant accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Standards issued but not yet effective

The group has not early adopted any new or amended standards and interpretations which are effective for annual periods beginning after January 1, 2022 and they are not expected to have a significant impact on the group's consolidated financial statements.

1.2 Significant accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of which control ceases.

Formation of the Group

Upon establishment of the HMH group, Akastor and Baker Hughes contributed the MHWirth AS and Subsea Drilling Systems (SDS) business respectively in exchange for shares in HMH Holding B.V. and cash consideration.

The formation of HMH Holding B.V. is considered to be a business combination on formation of a joint venture, outside the scope of IFRS 3 and IFRS 2 scopes out any contribution that constitutes a business. Based on the guidance in IAS 8 and as a policy choice, the Group has accounted for the contribution of the MHWirth and SDS businesses to HMH Holding B.V. under the acquisition method as set out in IFRS 3 as the transaction has substance for the combining parties. The acquisition method, whereby assets and liabilities of the combining businesses are reflected at fair value upon contribution (acquisition date), is considered to provide the most relevant information for the users of the financial statements and adopted as accounting policy that will be applied consistently.

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Transaction costs, other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expensed as incurred.

Loss of control

On the loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in joint ventures and associates

The group’s interests in equity-accounted investees comprise interests in joint ventures and associates.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather to its assets and obligations for its liabilities. Joint control is established by contractual agreement requiring unanimous consent of the ventures for strategic, financial and operating decisions. An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in joint ventures and associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group’s share of the profit and loss and other comprehensive income of the equity-accounted investees. The group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and further losses are not recognized except to the extent that the group incurs legal or constructive obligations or has made payments on behalf of the investee.

The purpose of the investment determines the presentation of the group’s share of profit and loss of the equity-accounted investee in the income statement. When the entity is established to share risk in executing a project or is closely related to HMH’s operating activities, the share of profit or loss is reported as part of Other income in Operating Profit. Share of the profit or loss of a financial investment is reported as part of Net finance expenses.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent of the group’s interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate on that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates on the date the fair value is determined.

Investments in foreign operations

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The results and financial positions of all the group entities that have a functional currency different from the group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments, are translated at the closing exchange rate at the reporting date.
- Income statements are translated at average exchange rate for the period, calculated on the basis of 12 monthly end rates.

Current / non-current classification

An asset is classified as current when it is expected to be realized or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realized or settled within twelve months after the reporting date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period, or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial assets, financial liabilities, and equity

On initial recognition, a financial asset is classified as measured at amortized costs or fair value through profit and loss (FVTPL). The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized costs if the business model is to hold the asset to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interests (SPPI criterion).
- All financial assets not classified as measured at amortized cost are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.

Other investments

Other investments include equity and debt investments in companies where the group has neither control nor significant influence, usually represented by less than 20 percent of the voting power. The investments are categorized as financial assets measured at FVTPL and recognized at fair value at the reporting date. Subsequent to initial recognition, changes in financial assets measured at FVTPL are recognized in profit and loss.

Trade receivables and other current assets

Trade receivables and other current assets are classified as financial assets measured at amortized costs. They are recognized at the original invoiced amount, less loss allowance made for credit losses. The interest rate element is disregarded if insignificant, which is the case for the majority of the group's trade receivables.

Interest-bearing receivables

Interest-bearing receivables include loans to related parties and are generally classified as financial assets measured at amortized costs. Such financial assets are recognized initially at fair value and subsequent measurement at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid investments with original maturity of three months or less.

Trade payables and other current liabilities

Trade payables are recognized at the original invoiced amount. Other current liabilities are recognized initially at fair value. Trade payables and other current liabilities are valued at amortized cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the group's trade payables.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Share capital

Ordinary shares are classified as equity. Repurchase of share capital is recognized as a reduction in equity and is classified as treasury shares.

Derivative financial instruments

The group uses derivative financial instruments such as currency forward contracts to hedge its exposure to foreign exchange risks arising from operational, financial and investment activities. These derivative financial instruments are accounted for as cash flow hedges since highly probable future cash flows are hedged (rather than committed revenues and expenses). Derivative financial instruments are recognized initially at fair value. Derivatives are subsequently measured at fair value, and changes in fair value are accounted for as described below.

Cash flow hedge

Hedging of the exposure to variability in cash flows that is attributable to a particular risk or a highly probable future cash flow is defined as a cash flow hedge. The effective portion of changes in the fair value is recognized in other comprehensive income as a hedge reserve. Any gain or loss relating to the ineffective portion of derivative hedging instruments is recognized immediately in the income statement as finance income or expense.

Hedge accounting is discontinued when the hedge no longer qualifies for hedge accounting. Disqualification occurs when the hedging instrument expires, is sold, terminated or exercised, or when a forecast transaction is no longer expected, or the hedge is no longer effective. When a hedge is disqualified, the cumulative gain or loss that was recognized in the hedge reserve is recognized immediately in the income statement unless it relates to a future cash flow that is likely to occur, but don't qualify for hedge accounting, in which the accumulated hedge reserve remains in other comprehensive income until the hedged cash flow is recognized in income statement. For cash flow hedges associated with forecast transactions that subsequently result in recognition of a non-financial asset, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve are included directly in the initial cost of the non-financial asset when recognized.

Finance income and expense

Finance income and expense include interest income and expense, foreign exchange gains and losses, dividend income, gains and losses on derivatives, as well as change in fair value of financial assets measured at FVTPL. Interest income and expenses include calculated interest using the effective interest method, in addition to discounting effects from assets and liabilities measured at fair value. Gains and losses on derivatives include effects from derivatives that do not qualify for hedge accounting, in addition to the ineffective portion of qualifying hedges. Reclassifications of OCI is booked against financial expenses.

Revenue from contract with customers

The significant accounting policies relating to revenue recognition from contracts with customers are described in note 1.3 Significant accounting estimates and judgements (Revenue recognition) and note 2.1 Revenue and other income.

Income tax

Income tax recognized in the income statement comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends, recognized at the same time as the liability to pay the related dividend.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities that affects neither accounting nor taxable profit
- Temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the tax assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Measurement of deferred tax assets are reviewed at each reporting date.

Inventories

Inventories are recognized at the average acquisition cost or net sales value, whichever is lower. The net sales value for raw materials and work in progress (goods under production) is calculated as the net sales value of the finished products less the remaining production and sales costs.

Impairment

Trade receivables and contract assets

Loss allowance is recognized in profit or loss and measured at lifetime Expected Credit Loss (ECLs.) ECLs is a probability-weighted estimate of credit losses. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The group considers a financial asset to be in default when the group is unlikely to receive its outstanding contractual amount in full, or the contractual payments are more than 90 days past due. When estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort, based on the group’s historical experience including forward-looking information.

The gross carrying amount of trade receivable is written off when the group has no reasonable expectations of recovering a trade receivable in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Trade receivables that are written off could still be subject to enforcement activities in order to comply with the group’s procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the group’s non-financial assets (other than employee benefit assets, inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset’s recoverable amount is estimated. Cash-generating units (CGU) containing goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss recognized in respect of a CGU (or a group of CGUs) containing goodwill is allocated first to goodwill and then to the other assets in the CGU(s) on a pro rata basis.

An impairment loss on goodwill is not reversed. An impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment is recognized. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized when the group has a present obligation as a result of a past event that can be estimated reliably, and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a market based post-tax rate that reflects current market assessments of the time value of money and, where appropriate, the liability-specific risks. The unwinding of the discount is recognized as finance expense.

Warranties

Provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

Provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is recognized, the group recognizes any impairment loss on the assets associated with the contract.

Restructuring

A restructuring provision is recognized when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the entity will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Leases

As a lessee

Right-of-use assets

The group recognizes right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid lease payments made at or before the commencement date, plus any initial direct costs. Subsequently, the right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. In addition, the right-of-asset is subject to impairment assessment of non-financial assets and adjusted for certain remeasurement of the lease liability.

Lease liabilities

At the lease commencement date, the group recognizes lease liability measured at the present value of the lease payments over the lease term, discounted using the group's incremental interest rate. Generally, the lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short term leases and leases of low-value assets

The group applies the recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option (short-term leases). The group also applies recognition exemption to leases that are considered of low-value assets, mainly IT equipment and office equipment. Lease payments associated with the short -term leases and leases of low -value assets are recognized as expenses on a straight-line basis over the lease term.

Lease term

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain not to be exercised. The group applies judgment in evaluating whether it is reasonably certain to exercise extension option, considering all relevant factors that create economic incentive to exercise the extension option.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor, borrowing costs on qualifying assets, production overheads and the estimated costs of dismantling and removing the assets and restoring the site on which they are located.

If the components of property, plant and equipment have different useful lives, they are accounted for as separate components.

Subsequent costs

The group capitalizes the cost of a replacement part or a component of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

Depreciation is normally recognized on a straight-line basis over the estimated useful lives of property, plant and equipment.

Intangible assets

Goodwill

Goodwill that arises from the acquisition of subsidiaries is presented as intangible asset. For the measurement of goodwill at initial recognition, see Business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

When the group disposes of an operation within a CGU or group of CGUs to which goodwill has been allocated, a portion of the goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal. The portion of the goodwill allocated is measured based on the relative values of the operation disposed of and the portion of the CGU retained at the date of partial disposal, unless it can be demonstrated that another method better reflects the goodwill associated with the operation disposed of. The same principle is used for allocation of goodwill when the group reorganizes its businesses.

Research and development

Expenditures on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognized in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalized expenditure includes cost of materials, direct labor overhead costs that are directly attributable to preparing the asset for it intended use and capitalized interest on qualifying assets. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Other intangible assets

Acquired intangible assets are measured at cost less accumulated amortization and impairment losses.

Subsequent expenditures

Subsequent expenditures on intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

Amortization

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite. Intangible assets are amortized from the date they are available for use.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Defined benefit plans

The group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on government bonds or high-quality corporate bonds with maturities consistent with the terms of the obligations.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Fair value measurement

When available, the group measures the fair value of a financial instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, and the difference between the fair value on initial recognition and the transaction price is recognized as a deferred gain or loss. Subsequently, the deferred gain or loss is recognized in profit or loss on an appropriate basis over the life of the instrument.

1.3 Significant accounting estimates and judgements

Estimates

Estimates and judgements are continually reviewed and are based on historical experiences and expectations of future events. The resulting accounting estimates will, by definition, seldom accurately match actual results, but are based on the best estimate at the time. Estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition
Revenue from performance obligations satisfied over time, typically in construction contracts and service contracts, are recognized according to progress. This requires estimates of the final total revenue, as well as measurement of progress achieved to date as a proportion of the total work to be performed. The estimated progress in long-term construction contracts is based on internal and external estimates of progress. See note 2.1 for description of type of revenue and revenue recognition policy by type of revenue.

The main uncertainty when assessing total contract revenue is related to recoverable amounts from variation orders, claims and incentive payments which are recognized when it is highly probable that they will not result in a significant reversal of revenue. This assessment is adjusted by management's evaluation of liquidated damages to be imposed by customers, typically relating to contractual delivery terms. In most construction contracts, there are frequent changes in scope of work resulting in variation orders. The contracts with customers normally include procedures for issuing and approval of variation orders. There can be unapproved variation orders and claims included in the contract revenue where recovery is assessed as highly probable and other criteria are met. Even though management has extensive experience in assessing the outcome of such negotiations, uncertainties exist.

One of the key uncertainties related to revenue recognition arises in the final stages of the completion of long-term contracts which can involve renegotiations with customers. The estimates of the likely outcome of these renegotiations are based on management's assessments subject to complex interpretations of contractual, engineering, design and project execution issues. There can be a wide range of reasonably possible outcomes from such renegotiations and the estimates made require a high degree of judgment.

The physical progress and estimated margin in the start-up phase of a long-term construction contracts are based on assumptions and hence exposed to inherent risks. The estimation uncertainty related to total cost estimates during the early stages of a long-term construction contract is mitigated by a policy of recognizing revenue equal to cost until the significant risk is measurable and a mature cost estimate is concluded upon.

Warranties
A provision is made for expected warranty expenditures. The warranty period is normally 12-30 months depending on the specific customer contract and terms Based on historical warranty expense experience, the warranty provision is estimated at 1,4% of product cost in long term construction contracts and 1% of revenue for single equipment sales. Reference is made to note 7.2 Provisions for further information about provisions for warranty expenditures.

Impairment of non-financial assets
Property, plant and equipment and intangible assets
The group has significant non-current assets recognized in the consolidated statement of financial position related to Property, plant and equipment and intangible assets. The recoverable amount of some of these assets can be significantly impacted by changes of market conditions. The group considers whether there are indications of impairment on the carrying amounts of such non-current assets. If such indications exist, an impairment test is performed to assess whether or not the assets should be impaired. The valuations will often be performed based on estimates of future cash flows discounted by an appropriate discount rate. Significant estimates and judgments are made by the management, including determining cash-generating units and discount rate, projections for future cash flows and assumptions of future market conditions. References are made to note 3.1 Property, plant and equipment and note 3.3 Intangible assets.

Goodwill
The group performs impairment testing of goodwill annually or more frequently if any impairment indicators are identified. The recoverable amounts of cash-generating units to which goodwill is allocated have been determined based on fair value less costs of disposal. These calculations require management to estimate future cash flows expected to arise from these cash-generating units and an appropriate discount rate to reflect the time value of the money. Key assumptions made by the management also include assumptions for future market conditions, which require a high degree of judgment. Further details about goodwill allocation and impairment testing are included in note 3.4 Impairment testing of goodwill.

Income taxes
The group is subject to income taxes in numerous jurisdictions. Significant judgement is required to determine the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Provisions for anticipated tax audit issues are based on estimates of eventual additional taxes.

Income tax expense is calculated based on reported income in the different legal entities. Deferred income tax assets and liabilities is calculated based on the temporary differences between the assets' carrying amount for financial reporting purposes and their respective tax basis. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the many tax jurisdictions where the group operates.

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the near future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect the results for each future reporting period.

Tax authorities in different jurisdictions may challenge calculation of income taxes from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense. When tax authorities' challenge income tax calculations, management is required to make estimates of the probability and amount of possible tax adjustments. Such estimates may change as additional information becomes known. Further details about income taxes are included in note 5.1 Income tax.

Legal disputes and contingent liabilities

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their business activities. In addition, HMH from time to time engage in mergers, acquisitions and other transactions that could expose the companies to financial and other non-operational risks, such as indemnity claims and price adjustment mechanisms resulting in recognition of deferred settlement obligations. Provisions have been made to cover the expected outcome of the legal claims and disputes to the extent negative outcomes are likely and reliable estimates can be made. However, the final outcomes of these cases are subject to uncertainties and resulting liabilities may exceed warrant recognized. The group follows the development of these disputes on case-by-case basis and makes assessment based on all available evidence as at the reporting date.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Significant judgment in accounting for business combinations

The determination of the fair value and the useful lives of the assets and liabilities acquired is performed, which required the application of judgement. Fair values have been estimated by a range of different valuation techniques, such as the market approach, income approach and cost approach based on the which techniques that has been assessed to be most appropriate for the type of assets or liability measured. All of these methods include a range of various assumptions where significant judgment has been exercised.

Section 2 - Operating performance

2.1 Revenue from contracts with customers

Revenue types

Amounts in USD thousands	**28.04.2021-31.12.2021**
Revenue from contract with customers	169 571
Other revenue and income	
Lease revenue	144
Gain on disposal of fixed assets	21
Total revenue and other income	**169 736**

Disaggregation of revenue from contracts with customers
Revenue from contracts with customer is disaggregated in the following table by major contract and revenue types and timing of revenue recognition.

Amounts in USD thousands	**ESS**	**PCS**	**Total**
Major contract/revenue types			
Construction revenue	108 515	31 907	140 423
Service revenue	-	29 148	29 148
Sale of products	-	-	-
Total revenue from contracts with customer	**108 515**	**61 055**	**169 571**
Timing of revenue recognition			
Transferred over time	108 515	61 055	169 571
Total revenue from contracts with customer	**108 515**	**61 055**	**169 571**
Other revenue and income	130	35	165
Total revenue and other income	**108 645**	**61 090**	**169 736**

Contract balances

Amounts in USD thousands	**31.12.2021**
Trade receivables included in "Trade receivables and other current assets"	81 409
Contract assets included in "Trade receivables and other current assets"	117 351
Contract liabilities included in "Trade payables and other current liabilities"	95 108

HMH acquired from the business combination: Trade receivables amounting to 143,877 thousand USD, Contract assets of 16,286 thousand USD and contract liabilities of 177,717 thousand USD

Contract assets relate to the group's rights to consideration for work performed, but not yet invoiced at the reporting date. The contract assets are transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers. No impairment has been recognized on contract assets in 2021.

Transaction price allocated to the remaining performance obligations
The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) as of December 31, 2021.

Amounts in USD thousands	2022	Later	**Total**
Transaction price allocated	228 729	17 168	**245 897**

The amounts disclosed above do not include variable consideration which is constrained.

The following provides information about nature of performance obligations, including significant payment terms, and related significant revenue recognition policies.

Type of contract/revenue	Nature of performance obligations, including significant payment terms	Significant revenue recognition policies
Construction contracts	Under construction contracts, specialized products are built to a customer's specifications and the assets have no alternative use to the group. If a construction contract is terminated by the customer, the group has an enforceable right to payment for the work completed to date. The contracts usually establish a milestone payment schedule. The group has assessed that these performance obligations are satisfied over time. Each of the construction contracts normally includes a single, combined output for the customer, such as an integrated drilling equipment package. One single performance obligation is usually identified in each contract. Assurance-type warranty for a period of 12-30 months is normally included in construction contracts. Normal payment terms for Construction Contracts are 30 to 45 days	Revenue from the construction performance obligations is recognized according to progress. The input method used to measure progress is determined by reference to the cost incurred to date relative to the total estimated contract cost. Revenue in excess of costs is not recognized until the outcome of the performance obligation can be measured reliably, usually at 20% of completion. Variable considerations, such as incentive bonus, are included in construction revenue when it is highly probable that a significant revenue reversal will not occur. Potential penalty for Liquidated Damages is recognized as a reduction of the transaction price unless it is highly probable that it will not be incurred. Disputed amounts and claims are only recognized when negotiations have reached an advanced stage, customer acceptance is highly likely, and the amounts can be measured reliably. Contract modifications, usually in form of variation orders, are only accounted for when it is highly probable that they will not result in a significant reversal of revenue.
Service revenue	Service revenue is generated from rendering of services to customers. The customers simultaneously receive and consume the benefits provided by these services. The invoicing is usually based on the service provided at regular basis. Under some service contracts, the invoices are based on hours or days performed at agreed rates. The group has assessed that these performance obligations are satisfied over time. Normal payment terms for Service revenue are 30-45 days	Service revenue is recognized over time as the services are provided. The revenue is recognized according to progress or using the invoiced amounts when the invoiced amounts directly correspond with the value of the services that are transferred to the customers. The progress is normally measured using an input method, by the reference of costs incurred to date relative to the total estimated costs. Spare part revenue is recognized when the goods are ready for collection/at delivery
Sale of products	This revenue type involves sale of products or equipment that are of a standard nature, not made to the customer's specifications. Customers obtain control of these products usually when the goods are delivered to the customers according to the contract terms. Invoices are usually generated when the products are delivered. The group has assessed that these performance obligations are satisfied at a point of time. Assurance-type warranty for a period of 12-18 months is normally included in these contracts. Normal payment terms for Sale of standard products is 30 days or 30-45 days	Revenue from these performance obligations is recognized when the customers obtain control of the goods, which is essentially similar to the timing when the goods are delivered to the customers.

Section 2 - Operating performance

2.2 Segments

Basis for segmentation
As of December 31, 2021, HMH has two operating segments. The segments are managed separately and offer different products and services due to different market segments and different strategies for their projects, products and services:

ESS is a supplier of drilling solutions and complete top side drilling packages and services to both onshore and offshore oil and gas, which includes: overhaul, equipment installation and commissioning, services account management, 24/7 technical support, logistics, engineering upgrades, spare parts supply, training and condition based maintenance etc. ESS segment is derived from the acquisition of MHWirth AS.

PCS is a supplier of integrated drilling products and services, and the key product offering consists of Blowout Prevention (BOP) systems, controls and drilling riser equipment, spare parts supply for rig operations and maintenance programs, overhaul and recertification and reactivation of rigs, technical and operational rig support which includes a 24/7 support center and Contractual Service Agreements (CSA) / Long Term Service Agreements (LTSA). PCS is derived from the acquisition of Subsea Drilling Systems (SDS) .

Measurement of segment performance
Segment performance is measured by operating profit before depreciation, amortization and impairment (EBITDA) which is reviewed by the group's Executive Management (the chief operating decision maker). Segment profit, together with key financial information as described below, gives the Executive Management Group relevant information in evaluating the results of the operating segments and is relevant in evaluating the results of the segments relative to other entities operating within these industries. Inter-segment pricing is determined on an arm's length basis.

The accounting policies of the reportable segments are the same as described under note 1.1 Basis of preparation and note 1.2 Significant accounting principles.

Amounts in USD thousands	**ESS**	**PCS**	**Total operating segments**	**Eliminations**	**Headquarter**	**Total HMH**
2021						
Income statement						
External revenue and other income	108 645	61 090	**169 736**	**-**	-	**169 736**
Inter-segment revenue	1 286	1 065	**2 351**	-2 351	-	**-**
Total revenue and other income	**109 931**	**62 155**	**172 087**	**-2 351**	**-**	**169 736**
Operating profit before interest, depreciation, amortization and impairment	**13 918**	**19 271**	**33 189**	-	**-**	**33 189**
Depreciation and amortization	-5 507	-6 090	**-11 597**		-1 065	**-12 662**
Impairment	-1 587		**-1 587**		-	**-1 587**
Operating profit / loss(-)	**6 825**	**13 181**	**20 006**	**-**	**-1 065**	**18 941**
Net finance income/expense	66	-6 411	**-6 345**		-8 147	**-14 492**
Share of profit (loss) of equity-accounted investees	63		**63**		-	**63**
Profit / loss(-) before tax	**6 954**	**6 770**	**13 724**	**-**	**-9 212**	**4 512**

Geographical information
Geographical revenue is presented on the basis of geographical location of the group companies selling to the customers. Non-current assets and capital expenditures are based on the geographical location of the assets.

		Revenue and other income	
Amounts in USD thousands	**ESS**	**PCS**	**2021**
USA	7 761	44 816	52 577
Norway	52 971	-	52 971
Germany	22 535	-	22 535
Singapore	5 984	5 354	11 339
UK	-	7 595	7 595
Azerbaijan	7 005	-	7 005
Brazil	4 156	-	4 156
Dubai	3 538	-	3 538
Other countries	4 696	3 325	8 021
Consolidated Revenue and other income	**108 645**	**61 090**	**169 736**

	Non-current assets excluding deferred tax assets and financial instruments
Amounts in USD thousands	**2021**
HQ Netherlands*	389 011
USA	218 549
Norway	49 328
Brazil	26 556
Germany	25 832
Other countries	8 000
Consolidated assets	**717 274**

*HQ Netherlands assets is mainly Goodwill accounted for in HMH Holding B.V.

Major customer
There is only one customer that alone contribute more than 10% of total revenue in the Group, that customer represents approximately USD 19.8 million of the Group's total revenue.

2.3 Inventories

Amounts in USD thousands	**31.12.2021**
Stock of raw materials	22 498
Goods under production	13 417
Finished goods	121 017
Total inventories	**156 932**

Recognized as expense in the period	-62 590
Write-down of inventories in the period	-512

Finished goods
The group purchases parts which is to be modified and used in projects. These modified parts are classified as finished good until they are sold as part of the projects. There is limited amounts of parts which are sold as unmodified products to customers.

2.4 Employee benefits expenses

Amounts in USD thousands	**28.04.2021-31.12.2021**
Salaries and wages including holiday allowance	36 099
Social security tax / national insurance contribution	7 789
Pension costs	1 382
Other employee costs	1 032
Salaries, wages and social security costs	**46 303**

Average number of employees (FTE) [1)]	**28.04.2021-31.12.2021**
Netherlands	0
Outside Netherlands	1 847
Total	**1 847**

[1)] Average number of employees is calculated as sum of employees in October, November and December 2021, divided by the number of months included.

For Key management remuneration see note 7.4 Management remuneration

Pension plans

HMH pension costs represent the future pension entitlement earned by employees in the financial year. In a defined contribution plan the company is responsible for paying an agreed contribution to the employee's pension assets. In such a plan, this annual contribution is also the cost. In a defined benefit plan, it is the company's responsibility to provide a certain pension. The measurement of the cost and the pension liability for such arrangements is subject to actuarial valuations. The main pension liability's relates to Norway and Germany. The welfare and support fund are closed for new entries. The welfare and support found is recorded as other non-current liabilities and not as pension. see note 7.1

Pension plans in Germany
The main pension arrangement in Germany is a general pension plan organized by the German Government. This arrangement provides the main general pension entitlement of all Germans. All pension arrangements by employers consequently represent limited additional pension entitlements.
German employers are not obliged to provide an employment pension plan.

ATZ (Altersteilzeit) – early retirement arrangement
ATZ is an early retirement arrangement organized by German employers, Trade/Labor Unions in Germany and the German Government. The ATZ plan is providing additional lifelong pensions to employees that retire before the general retirement age, to compensate for the reduction of the ordinary pension entitlements. The employees are given a choice of retirement age, with lower pension at earlier retirement.
The principle that during the current employment relationship the work performed by the employee is equivalent to the remuneration paid by the employer (principle of equivalence) and that there is therefore no impact on the balance sheet does not apply in the case of partial retirement.

The backlog of performance in the block model of ATZ represents an obligation on the part of the employer. The employee has already performed work for which he has not yet received any remuneration. For the fee to be paid in the release phase, a provision must be made during the work phase and increased pro rata temporis until the release phase is reached.
According to commercial law, the top-up amounts to be paid must be set aside in full upon completion of the semi-retirement obligation. According to tax law, these are to be accumulated in instalments like the arrears.
Claims for reimbursement from the employment agency are to be offset against the provision for tax purposes, insofar as they are probable.

Pension plans in Norway
The main pension arrangement in Norway is a general pension plan organized by the Norwegian Government. This arrangement provides the main general pension entitlement of all Norwegian employees. All pension arrangements by employers consequently represent limited additional pension entitlements.

Norwegian employers are obliged to provide an employment pension plan, which can be organized as a defined benefit plan or as a defined contribution plan. The Norwegian companies in HMH have closed the earlier defined benefit plans in 2008 and are now providing defined contribution plans for all employees.

Defined benefit plan
Employees who were 58 years or older in 2008, when the change took place, are still in the defined benefit plan, which is a funded plan. There are no longer any active employees in this plan. The estimated contributions expected to be paid to the Norwegian plan during 2022 amount to 261 thousand USD .

Compensation plan
To ensure that the employees were treated fairly on the change over to the contribution plan in 2008, the company introduced a compensation plan. The basis for deciding the compensation amount is the difference between calculated pension capital in the defined benefit plan and the value of the defined benefit plan at the age of 67 years. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. If the employee leaves the company voluntarily before the age of 67 years, the compensation amount will be reduced.

AFP – early retirement arrangement
AFP is an early retirement arrangement organized by Norwegian employers, the main Labor Union organization in Norway (LO) and the Norwegian Government. The AFP plan is providing additional lifelong pensions to employees that retire before the general retirement age, to compensate for the reduction of the ordinary pension entitlements. The employees are given a choice of retirement age, with lower pension at earlier retirement.

The Norwegian Accounting Standards Board has issued a comment concluding that the AFP plan is a multi-employer defined benefit plan. The AFP plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the AFP plan is accounted for as a defined contribution plan.

Pension plans outside Norway and Germany
Pension plans outside Norway and Germany are predominately defined contribution plans and includes 1,534 employees. There are only 2 entities with significant defined benefit plan which is MHWirth AS (Norway) and MHWirth GmbH (Germany).

2.4 Employee benefits expenses (Continued)

Pension cost

Amounts in USD thousands	*Note*	**28.04.2021-31.12.2021**
Defined benefit plans		828
Defined contribution plans including AFP		554
Total pension cost		**1 382**

Net employee defined benefit obligations

Amounts in USD thousands	**31.12.2021**
Defined benefit plans Norway	13 097
Defined benefit plans Germany	13 435
Defined benefit plans Other countries	95
Total employee benefit obligations	**26 628**

Movement in net defined benefit liability

Amounts in USD thousands		**Pension obligation**
Liability as of April 28, 2021		-
Acquisition through business combinations	*6.1*	27 992
Included in profit or loss		
Service cost		828
Interest cost (income)		208
Total		**1 036**
Included in OCI		
Remeasurements (loss) gain arising from		
- financial assumptions		12
- experience adjustments		-1 029
Total		**-1 018**
Other		
Benefits paid by the plan		-
Contributions paid into the plan		-1 383
Total		**-1 383**
Liability as of December 31		**26 627**

The defined benefit plans are unfunded and consequently there are no pension plan assets to be disclosed.

As part of the agreement between Akastor and Baker Hughes at the time of the formation of the group, Akastor is responsible for all pension liabilities accrued and unsettled pension liabilities pre October 1, 2021. HMH have booked a receivable in HMH Holding B.V. towards Akastor for their part of the total pension liability.

Defined benefit obligation – actuarial assumptions
The group's most significant defined benefit plans are in Norway and Germany. The followings are the principal actuarial assumptions at the reporting date for the plans in these countries.

	2021	
	Norway	Germany
Discount rate	1,50%	1,87%
Salary progression	2,50%	n/a
Pension indexation	0,72%	1,75%
Mortality table	K2013	RT 2018 G

The discount rates and other assumptions for Norway in 2021 are based on the Norwegian high quality corporate bond rate and recommendations from the Norwegian Accounting Standards Board. It should be expected that fluctuations in the discount rates would also lead to fluctuations in the pension indexations. The total effect of fluctuations in economic assumptions is consequently unlikely to be very significant.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current life expectancy underlying the values of the defined benefit obligation at the reporting date is shown below.

	2021	
Years	Norway	Germany
Life expectancy of male pensioners	22,60	17,9
Life expectancy of female pensioners	25,90	21,1

As of December 31, 2021, the weighted-average duration of the defined benefit obligation was 12.06 years.

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as of December 31, 2021 by the amounts shown below

Amounts in USD thousands	**Change in defined benefit obligation**	
Change in actuarial assumptions	Increase	Decrease
Discount rate (1% decrease/increase movement)	1 768	2 244
Future salary growth (1% increase/decrease movement)	1 991	1 978
Future pension growth (1% increase/decrease movement)	2 228	1 983

2.5 Other operating expenses

Amounts in USD thousands	28.04.2021-31.12.2021
External consultants and hired-ins inclusive audit fees	7 818
Other costs for premises and equipment	4 334
Insurance	1 508
Office equipment	1 016
Travel expenses	479
Other	7 727
Total other operating expenses	**22 883**

2.6 Trade receivables and other current assets

Amounts in USD thousands	Note	31.12.2021
Trade receivables		81 660
Less provision for impairment		-236
Trade receivables, net of provision		81 424
Other receivables		7 187
Trade and other receivables	4.2	**88 611**
Advances to suppliers		14 195
Contract assets	2.1	117 351
Prepaid expenses		17 894
Public duty and tax refund		2 738
Contingent considerations	4.2	-
Total trade receivables and other current assets		**240 789**

Book value of trade and other receivables is approximately equal to fair value.

Aging of trade receivables

Amounts in USD thousands	31.12.2021
Excluding provision for impairment	
Not overdue	56 501
Past due 0-30 days	12 644
Past due 31-90 days	12 239
Past due 91 days	276
Total trade receivables	**81 660**

A majority of the trade receivables past due is related to major customers. These outstanding receivables are monitored regularly and impairment analysis is performed on an individual basis for major customers. As of December 31, 2021, provision of impairment of USD 236 thousand was recorded on receivables. See below for the movements in the provision for impairment of receivables.

Amounts in USD thousands	Note	2021
Balance as of April 28		0
Change in expected credit loss		620
Utilized		-151
Currency translation differences		-232
Balance as of December 31		236

2.7 Trade payables and other current liabilities

Amounts in USD thousands	*Note*	31.12.2021
Trade creditors		61 505
Accrued operating costs		80 169
Trade payables and other current liabilities	4.2	**141 673**
Public duty and tax payables		13 232
Contract liabilities	2.1	95 108
Other provisions 1)	4.2	5 901
Total trade payables and other current liabilities		**255 914**

Book value of trade payables and other current liabilities is approximately equal to fair value.

[1)] USD 4 million reserve for credit note provided to one customer related to buy back of materials already delivered for a cancelled order.
The credit note expires by end of 2022. Hydril US entered into an agreement with a customer to repurchase material delivered as part of a cancelled order for which the customer had no immediate use. The reserve should expire before the end of 2022 with the customer and is reconciled on a monthly basis with the customer with accompany monthly credits issued.

Section 3 - Asset base

3.1 Property, plant and equipment

Amounts in USD thousands	*Note*	**Buildings and land**	**Machinery, equipment, software**	**Under construction**	**Total**
Historical cost					
Balance as of April 28, 2021		**-**	**-**	**-**	**-**
Additions		149	1 276	125	1 550
Additions through business combinations	*6.1*	155 234	78 646	561	234 442
Transfer from assets under construction		-	25	-25	0
Currency translation differences		-3 006	-1 433	-9	-4 447
Balance as of December 31, 2021		**152 377**	**78 514**	**653**	**231 544**
Accumulated depreciation					
Balance as of April 28, 2021					
Depreciation for the period		1 603	3 297	-	4 899
Currency translation differences		- 614	- 975	-	- 1 589
Balance as of December 31, 2021		**989**	**2 322**	**-**	**3 310**
Book value as of April 28, 2021		**-**	**-**	**-**	**-**
Book value as of December 31, 2021		**151 388**	**76 192**	**653**	**228 233**

Depreciation
Estimates for useful life, depreciation method and residual values are reviewed annually. Assets are mainly depreciated on a straight-line basis over their expected economic lives as follows:

Machinery, equipment and software	3-16 years
Buildings	16-33 years

3.2 Right-of-use assets and related lease liabilities

Group as lessee
The group has mostly property leases on a number of locations worldwide. The leases typically run for a period of 2-10 years and some of the leases have extension options. The group has also an immaterial amount of lease agreements related to cars, machinery, IT equipment and office equipment. These leases have an average lease period of 2-3 years, generally with no renewal options included.

The group applies the short-term lease recognition exemptions for leases of property or machinery with lease term of 12 months or less. Leases of IT equipment and office equipment are considered as leases of low-value assets. The right-of-use assets and lease liabilities are not recognized for short-term leases or leases of low-value assets.

The lease agreements do not impose any covenants or restrictions.

Group as lessee

Right-of-use assets

Amounts in USD thousands	**2021**
Balance as of April 28	-
Additions through business combinations	45 206
Depreciation	-1 907
Impairment	-1 587
Currency translation differences	-125
Balance as of December 31	**41 588**

Lease liabilities

Amounts in USD thousands	**2021**
Balance as of April 28	-
Cash flows, principal payments	-1 743
Additions through business combinations	45 206
Currency translation differences	-215
Balance as of December 31	**43 247**
Current lease liabilities	**10 207**
Non-current lease liabilities	**33 041**

The maturity analysis of lease liabilities is disclosed in note 4.1.

Lease payments recognized in the income statement

Amounts in USD thousands	**28.04.2021-31.12.2021**
Expenses related to short-term leases	18
Expenses related to leases of low-value items	2 712
Total	**2 729**

Total cash flow

Amounts in USD thousands	**28.04.2021-31.12.2021**
Lease payments	-2 345
Short-term and low-value leases	-2 729
Total lease cash flow	**-5 074**

Lease liabilities expiring within the following periods from the balance date:

Amounts in USD thousands	**31.12.2021**
Amount due within 6 months	2 755
Amount due between 6-12 months	3 445
Amount due between one to two years	6 593
Amount due later than 2 years	40 603
Total lease liabilities, undiscounted	**53 396**

Some property leases contain extension or termination options exercisable before the end of the non-cancellable period. They are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The extension and termination options held are exercisable only by the group and not by the respective lessor. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension or termination options.

Most extension options in offices leases have not been included in the lease liability, because the group expects to be able to replace the assets without significant cost or business disruption. Most of the early termination options are not considered in the lease term either as the group assesses it as reasonably certain that the leases will not be terminated early. If the group had exercised the extension options in significant property leases as of December 31, 2021, the group estimates potential future lease payments (undiscounted) of approximately USD 382,5 thousand, which are not included in the lease liabilities.

3.3 Intangible assets and goodwill

Amounts in USD thousands	*Note*	Development costs	Goodwill	Patents and rights	Customer Relations	Other intangible assets	Total
Historical cost							
Balance as of April 28, 2021		-	-	-	-	-	-
Acquisition through business combinations	*6.1*	45 064	278 996	20 123	108 964	4 673	457 821
Reclassifications		4	260	-	-	-	264
Capitalized development		306	-	-	-	-0	306
Currency translation differences		-572	1 778	-	-	-133	1 073
Balance as of December 31, 2021		**44 802**	**281 035**	**20 123**	**108 964**	**4 541**	**459 464**
Accumulated amortization and impairment							
Balance as of April 28, 2021		-	-	-		-	-
Amortization for the period		-1 150	-	-942	-3 763	-	-5 855
Currency translation differences		455	-	57	-	251	763
Balance as of December 31, 2021		**-695**	**-**	**-884**	**-3 763**	**251**	**-5 092**
Net book value as of April 28, 2021		**-**	**-**	**-**	**-**	**-**	**-**
Net book value as of December 31, 2021		**44 106**	**281 035**	**19 239**	**105 200**	**4 792**	**454 372**

Research and development costs

Research and development is acquired through business combinations.

Amortization

Intangible assets other than goodwill have finite useful lives and are amortized over the expected economic life, ranging between 5-10 years.

Goodwill

At 31.12.2021 the carrying amount of Goodwill is USD 274,117 thousand. See note 3.4 Impairment testing of goodwill and 6.1 Business combination for details.

3.4 Impairment testing of goodwill

The Impairment assessment performed at year-end is based on the valuations performed October 1, 2021 in relation to the merger between Subsea Drilling System and MHWirth as described below. There have not been any material changes to input parameters, and there are not identified any need for impairment as of 31.12.21

Goodwill arose from the formation of HMH Holding B.V as this was considered to be a business combination and accounted for using the acquisition method. For the purpose of impairment testing, goodwill has been allocated to the groups of cash generating units as shown in the table below, which represents the lowest level at which goodwill is monitored in management reporting.

Please see note 2.2 Segment note for description of the operating segments.

Amounts in USD thousands	**31.12.2021**
ESS	177 163
PCS	103 871
Total goodwill	**281 035**

Impairment testing for cash-generating units containing goodwill

The recoverable amount was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the oil and gas industries as well as management's expectations regarding margin, and have been based on historical data from both external and internal sources.

The cash flow projections are based on budget and strategic forecast for the periods 2022 - 2030. Beyond the explicit forecast period, the cash flows have been extrapolated using a constant growth rate.

EBITDA used represents the operating earnings before depreciation and amortization and is estimated based on the expected future performance of the existing businesses in their main markets. Assumptions are made regarding revenue growth, gross margins and other cost components based on historical experience as well as assessment of future market development and conditions. These assumptions require a high degree of judgement, given the significant degree of uncertainty regarding oilfield service activities in the forecast period.

Revenue growth The group estimated a revenue for the fiscal year 2022 and growing at a compounded annual growth rate (CAGR) between 2022 and 2030. Revenue growth through 2025 is primarily driven by the expected recovery in commodity prices and the corresponding increase in rigs and drilling activity. Given the cyclicality of the industry, revenues beginning in 2026 for new projects were adjusted based on an inflated 5-year average to reflect a mid-cycle view and grown at 2% thereafter.

Terminal value growth rate The group uses a constant growth rate of 2% (including inflation) for periods beyond the management's forecast period. The growth rates used do not exceed the growth rates for the oil and gas industry in which the CGU operates.

Discount rates are estimated based on Weighted Average Cost of Capital (WACC) for the industry in which the CGU operates. The risk-free interest rates used in the discount rates are based on the 10-year state treasury bond rate at the time of the impairment testing. Optimal debt leverage is estimated for each CGUs. The discount rates are further adjusted to reflect any additional short to medium term market risk considering current industry conditions.

	Discount rate after tax	***Discount rate pre tax***
Discount rate assumptions used in impairment testing	**2021**	**2021**
ESS	13,0 %	10,4 %
PCS	13,0 %	10,7 %

Other key assumptions	**ESS**	**PCS**
Compounded annual growth rate (CAGR)	4,4 %	6,5 %
Terminal growth rate	2,0 %	2,0 %

Sensitivity to changes in assumptions
For the CGUs containing goodwill, the recoverable amounts are the same as the carrying amounts based on the value in use analysis and consequently no impairment loss of goodwill was recognized in 2021. however any negative changes to the key assumption will lead to an impairment charge

Climate related matters

HMH constantly monitors the latest government legislation in relation to climate-related matters. At the current time, no legislation has been passed that will impact the group. HMH will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required. Please see note 4.1 for description of the HMH specific climate risk and opportunities.

Section 4 - Financial instruments, risk and capital management

4.1 Financial risk management and exposures

The group is exposed to a variety of financial risks: currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. The capital market risk affects the value of financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on the group's financial performance. The group uses financial derivative instruments to hedge certain risk exposures and applies hedge accounting in order to reduce the profit or loss volatility.

Risk management is present in every contract. It is the responsibility of the project managers, with the support of HMH Treasury, to identify, evaluate and hedge financial risks under policies approved by the Board of Directors. The group has established principles for overall risk management, as well as policies for the use of derivatives and financial investments. There have not been any changes in these policies during the period.

Currency risk
The group operates internationally and is exposed to currency risk on commercial transactions, recognized assets and liabilities and net investments in foreign operations. In addition, contributions from subsidiaries and operates in foreign currencies, providing a currency exposure also at group level. Commercial transactions and recognized assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the group company. The group's exposure to currency risk is primarily to EUR, GBP and NOK, but also other currencies.

HMH's policy requires business units to mitigate currency exposure in any contracts. HMH manages exposures by entering into forward contracts or currency options with the financial marketplace. HMH has a large number of contracts involving foreign currency exposures and the currency risk policy has been established.

The group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount of their respective cash flows. The group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main sources of ineffectiveness can arise from changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The change in hedge reserve in 2021 is related to hedges of estimated future sales and purchases.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates primarily relates to intercompany transactions between each subsidiary and HMH Holding B.V. (i.e., dividends and group contributions).

In the group, there are three legal entities carrying currency risk. MHWirth AS has a currency risk USD to NOK, MHWirth GmbH with a currency risk USD to EUR, and MHWirth UK/Hydril PCB Limited which with a currency risk GBP to USD. The group manages its foreign currency risk related to future transactions in signed customer and vendor contract by hedging transactions.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The following tables demonstrate the sensitivity on financial instruments in foreign currency at 31.12.2021 to a reasonably possible change in USD, EUR, GBP and NOK exchange rates, with all other variables held constant. This is the best estimate of the currency exposure, given that all major currency exposure is hedged in accordance with the group's policy. The net exposure is managed by HMH Treasury. The group's exposure to foreign currency changes for all other currencies is not material.

Year	Change in NOK rate	Effect on profit before tax [1]	Effect on pre-tax income (OCI) [2]
		USD 000	USD 000
2021	+10%	-1 311	-1 407
	-10%	1 602	1 720

Year	Change in EUR rate	Effect on profit before tax [1]	Effect on pre-tax income (OCI) [2]
		USD 000	USD 000
2021	+10%	379	379
	-10%	-485	-485

Year	Change in GBP rate	Effect on profit before tax [1]	Effect on pre-tax income (OCI) [2]
		USD 000	USD 000
2021	+10%	-321	-321
	-10%	392	392

1) Effect on profit before tax is calculated as change in profit before tax in specific entity when changing currency rate with 10%.
2) The equity effect is calculated as the change in fair value of the cash flow hedge when shifting currency rate 10% up and 10% down.

Interest rate risk
The group's interest rate risk arises from cash balances, interest-bearing borrowings and interest-bearing receivables. Borrowings and receivables issued at variable rates as well as cash expose the group to cash flow interest rate risk. Borrowings and receivables issued at fixed rates expose the group to fair value interest rate risk.

The group has three main loans exposed for interest rate risk with a total value of USD 320 million. USD 100 million out of the total USD 320 million is a shareholder loan with fixed interest. An increase of 100 basis points in interest rates at December 31, 2021 would have increased (decreased) equity and profit and loss by USD 2.2 million. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A decrease of 100 basis points in interest rates during 2021 would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Obligations
HMH has provided the following guarantees on behalf of subsidiaries and related parties as of December 31, 2021 (estimated remaining exposure as of December 31, 2021):

Performance guarantees on behalf of group companies are USD 55 million.

Price risk
The group is exposed to fluctuations in market prices in the operational areas related to contracts, including changes in market prices for raw materials, equipment and development in wages. These risks are to the extent possible managed in bid processes by locking in committed prices from vendors as a basis for offers to customer or through escalation clauses with customers.

Credit risk
Credit risk is the risk of financial losses to the group if customer or counterparty to financial investments/instruments fails to meet contractual obligations and arise principally from investment securities and receivables.

Derivatives are only traded against approved banks. All approved banks have investment grade ratings. Credit risk related to investment securities and derivatives are therefore considered to be insignificant.

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet and Credit Watch). Sales to customers are settled in cash. Normal credit terms are 30-90 days.

Revenues are mainly related to large and long-term projects closely followed up in terms of payments up front and in accordance with agreed milestones. Normally, lack of payments is due to disagreements related to project deliveries and is solved together with the customer or escalated to the local authority.

Based on estimates of incurred losses in respect of trade receivables and contract assets, the group establishes a provision for impairment losses. Provisions for loss on debtors are based on individual assessments. Provisions for loss on receivables were USD 0.2 million at December 31, 2021.

The group evaluates that significant credit risk concentrations are related to trade receivables from major corporate customers in the oil and gas industry. The maximum exposure to credit risk at the reporting date equals the carrying amounts of financial assets. The group does not hold collateral as security.

Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The group manages its liquidity to ensure that it will always have sufficient liquidity reserves to meet its liabilities when due.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, HMH Treasury maintains flexibility in funding by maintaining availability under committed credit lines as shown in note 4.3.

The group policy for the purpose of optimizing availability and flexibility of cash within the group is to operate a centrally managed cash pooling arrangement. An important condition for the participants (business units) in such cash pooling arrangements is that the group as an owner of such pools is financially viable and is able to prove its capability to service its obligations concerning repayment of any net deposits made by business units. Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flow.

Climate risk and opportunities
Climate risk areas are identified annually through a bottom-up process involving all units and locations in HMH, then reviewed by company management and followed up by the HMH ESG program owner ensuring that risks are integrated and managed as part of the company risk assessment, reported to management, and annually to the board. The largest risks identified in the HMH Climate Risks and Opportunities Assessment are related to the transition to a low-emission economy, which is expected to drive a decrease in demand for oil and gas. This transition presents challenges in terms of access to and cost of capital, the ability to hire and retain talent, and increasingly restrictive regulatory requirements. Additionally, large oil companies are shifting toward low-carbon production, which will result in changes to customer requirements and require investment in new technology.

HMH has identified several business opportunities related to supporting renewable energy including diversification into other industries and market sectors as well as development of new products and services for existing business areas and customers which are focused on efficiency, reduction of emissions, and contribution to a circular economy.

Financial liabilities and the period in which they mature
The following is the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Amounts in USD thousands	*Note*	**Book value**	**Total cash flow**	**6 months and less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
2021								
Non-current borrowings [2]	*4.8*	169 742	183 000	-	-	32 000	151 000	-
Current Borrowings [1]	*4.8*	149 874	176 000	159 000	17 000	-	-	-
Lease liabilities	*3.2*	43 247	53 396	2 755	3 445	6 593	24 221	16 382
Other non-current liabilities		2 896	3 100	-	-	500	2 300	300
Derivative financial instruments		5 996	5 996	5 400	596	-	-	-
Trade and other payables	*2.7*	255 914	255 914	254 914	-	1 000	-	-
Total financial liabilities		**627 668**	**677 406**	**422 068**	**21 041**	**40 093**	**177 521**	**16 682**

[1] Bridge loan of USD 150 million has a maturity date in Q1 2022, will be replaced by a bond loan with new terms and conditions. Interest rate according to Bridge facilities has been used for cash flow estimates.

[2] Shareholder loan of USD 100 million will not be settled prior to external debt, earliest maturity date is set to October 1, 2025. The loan has an interest rate of 8%.

4.2 Financial instruments

Accounting classifications and fair values
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For financial instruments measured at fair value, the levels in the fair value hierarchy are as shown below.

Level 1 - Fair values are based on prices quoted in an active market for identical assets or liabilities.

Level 2 - Fair values are based on price inputs other than quoted prices derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.

Level 3 - Fair values are based on unobservable inputs, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

Amounts in USD thousands	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Level in fair value hierarchy**
31.12.2021				
Financial assets measured at fair value				
Fair value- hedging instruments				
Derivative financial instruments	*4.5*	7 104	7 104	Level 2
Financial assets not measured at fair value				
Financial assets at amortized cost				
Cash and cash equivalents	*4.3*	91 725		
Current financial assets [1]	7.3	44 295		
Trade receivables and other current assets	*2.6*	240 789		
Financial assets		**383 913**	**7 104**	

[1] Interest-bearing receivables of USD 16.3 million and receivables carved-out pension of USD 27.9 million.

Amounts in USD thousands	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Level in fair value hierarchy**
31.12.2021				
Financial liabilities measured at fair value				
Fair value – hedging instruments				
Derivative financial instruments	*4.5*	5 996	5 996	Level 2
Financial liabilities not measured at fair value				
Financial liabilities at amortized cost				
Borrowings	*4.8*	319 615		
Other financial liabilities				
Other non-current liabilities	*7.2*	2 896		
Trade payables and other current liabilities	*2.7*	255 914		
Provisions	*7.2*	19 494		
Financial liabilities		**603 915**	**5 996**	

4.3 Cash and cash equivalents

Amounts in USD thousands	*Note*	**31.12.2021**
Restricted cash		10
Interest-bearing deposits		91 715
Total cash and cash equivalents		**91 725**

Additional undrawn committed current bank revolving credit facilities amount to USD 85 million including an undrawn overdraft limit amounting to USD 5 million that together with cash and cash equivalents gives a total liquidity reserve of USD 176.7 million as of December 31, 2021. See also note 4.8 Borrowings.

4.4 Finance income and finance expenses

Amounts in USD thousands	**28.04.2021-31.12.2021**
Interest income on bank deposits measured at amortized cost	393
Interest income on debt instruments at FVOCI	-
Interest income on finance lease receivables	-0
Net foreign exchange gain	-
Dividend income from equity investment	-
Net change in fair value of financial assets measured at FVTPL	-
Liquidation of foreign entity	-
Foreign exchange gain	
Other finance income	3 718
Finance income	**4 111**
Interest expense on financial liabilities measured at amortized cost	-4 789
Interest expense on lease liabilities	-601
Loss on foreign currency forward contracts	-7 150
Net foreign exchange loss	-594
Other financial expenses	-5 468
Finance expenses	**-18 602**
Profit / loss(-) from equity-accounted investees	**63**
Net finance expenses recognized in profit and loss	**-14 428**

See note 4.2 Financial instruments for information of the finance income and expense generating items.

4.5 Derivative financial instruments

Derivative financial instruments are classified as current assets or liabilities as they are a part of the operating cycle. Information regarding risk management policies in the group is available in note 4.1 Financial risk management and exposures.

Fair value of derivative instruments with maturity
The table below presents the fair value of the derivative financial instruments and a maturity analysis of the derivatives cash flows.

Amounts in USD thousands	**Total**	**6 months and less**	**Maturity 6-12 months**	**1-2 years**
31.12.2021				
Foreign exchanges forward contracts to hedge highly probable forecasted sales				
Notional amounts USD	**18 440**	7 820	2 971	7 649
Average forward rate (USD/NOK)		8.25	8.50	8.88
Foreign exchanges forward contracts to hedge highly probable forecasted purchases				
Notional amounts EUR	**1 742**	1 118	624	-
Average forward rate (EUR/NOK)		10.27	10.63	-

Foreign exchange derivatives
HMH entities hedge the group's future transactions in foreign currencies with external banks. The foreign exchange derivatives are subject to hedge accounting. Hedges qualifying for hedge accounting are classified as cash flow hedges (hedges of highly probable future revenues and/or expenses).

The hedged transactions in foreign currency that are subject to cash flow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in the projects. Gains and losses on forward foreign exchange contracts are recognized in other comprehensive income and reported as hedging reserve in equity until they are recognized in the income statement in the period or periods during which the hedged transactions affect the income statement. If the forward foreign exchange contract is rolled due to change in timing of the forecasted cash flow, the settlement effect is included in Contract assets or Contract liabilities.

Cash flow hedges' impact on profit and loss and equity

Amounts in USD thousands	**31.12.21**
Net fair value of all hedging instruments (assets / liability (-))	1 109
Recognized in profit / loss(-)	-7 150
Deferred in equity (the hedge reserve)	1 063

The purpose of the hedging instrument is to secure a situation where the hedged item and the hedging instrument together represent a predetermined value independent of fluctuations of exchange rates. Revenue and expense on the underlying construction contracts are recognized in the income statement in accordance with progress. The positive USD 1.1 million that are currently recorded directly in the hedging reserve, will be reclassified to income statement.

The currency hedge is revaluated every month covering the coming 3-month period.

4.6 Capital management

HMH's capital management is designed to ensure that the group has sufficient financial flexibility, short-term and long-term. One main objective is to maintain a financial structure that, through solidity and cash flow, secures the group's strong long-term creditworthiness, as well as maximize value creation for its shareholders through:

- Investing in projects and business areas which will increase the company's Return On Capital Employed (ROCE) over time.
- Optimizing the company's capital structure to ensure both sufficient and timely funding over time to finance its activities at the lowest cost.

Funding policy
Liquidity planning
HMH has a strong focus on its liquidity situation in order to meet its short-term working capital needs and to ensure solvency for its financial obligations. HMH had a liquidity reserve per year-end 2021 of USD 176.7 million, composed of an undrawn committed credit facility of USD 85 million and cash and cash equivalents of USD 91.7 million.

Funding of operations
HMH's group funding policy is that subsidiaries should finance their operations with the treasury department (HMH Treasury). This ensures optimal availability and transfer of cash within the group and better control of the company's overall debt as well as cheaper funding for its operations.

Funding duration
HMH emphasizes financial flexibility and steers its capital structure accordingly to limit its liquidity and refinancing risks. In this perspective, loans and other external borrowings are to be renegotiated well in advance of their due date and generally for periods of 3 to 5 years.

Funding cost
HMH aims to have diversified funding sources in order to reach the lowest possible cost of capital. These funding sources might include:

- The use of banks based on syndicated credit facilities.
- The issue of debt instruments in the Norwegian capital market.
- The issue of debt instruments in foreign capital markets.

Ratios used in monitoring of capital/covenants
HMH monitors capital on the basis of a gearing ratio (net debt/equity), interest coverage ratio (ICR) based on EBITDA/net interest costs and leverage ratio based on net total borrowings/LTM EBITDA. These ratios are similar to covenants as defined in loan agreements for the revolving credit facilities which are shown below. See note 4.8 Borrowings for details about these loans.

- The company's gearing ratio shall not exceed 1.0 times and is calculated from the consolidated total borrowings to the consolidated Equity.
- The Interest Cover Ratio shall not be lower than 4,5x, calculated from the consolidated EBITDA to net interest expenses which means consolidated Finance Costs less the amount of interest income received by or accrued in favor of the Relevant Group during a Relevant Period.
- The Leverage ratio shall not be higher than 3,0x, calculated from net total borrowings to consolidated last twelve months EBITDA.
- Minimum liquidity amount shall exceed USD 30 million on consolidated level. This includes the available undrawn multi-currency revolving credit facility.
- Relevant Group means the Group excluding any Project Company and its Subsidiaries
- Relevant Period means a period of four (4) financial quarters of the company ending on a quarter date
- Project Company" means an entity that is a member of the Group (other than an Obligoror a Holding Company of an Obligor), being party to a Project Financing at any time and which has no other Financial Indebtedness with recourse to any other member of the Group (other than that Project Company or other Project Companies).

The ratios are calculated based on net debt including cash and borrowings as shown in note 4.8 Financial instruments, EBITDA (earnings before interest, tax, depreciation, amortization) and net interest costs, however adjusted for certain items as defined in the loan agreement. Covenants ratios are based on accounting principles as of December 31, 2021.

The covenants are monitored on a regular basis by the HMH Treasury department to ensure compliance with the loan agreements and are tested and reported on a quarterly basis. HMH was in compliance with its covenants as of December 31, 2021.

4.7 Capital and reserves

Share capital

HMH B.V. has class A and class B shares, with equal rights for all shares. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at General Meetings. Total outstanding shares are 200 at par value EUR 1 per share. October 1st, 2021, the Group issued Titan share A (50 shares), Titan share B (50 shares), Bear share A (50 shares) and Bear share B (50 shares) all at par value EUR 1. All issued shares are fully paid.

The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%). Akastor ASA fully owns Akastor AS and Mercury HoldCo Inc. According to the shareholders' agreement between Baker Hughes and Akastor, the shareholders have joint control of MHH Holding BV and its subsidiaries.

During 2021, the share capital and share premium increased 588,955 thousand USD

Issued capital and reserves

Share capital	Number of shares authorized and fully paid	Par value per share EUR	Financial Position (EUR)
At April 28, 2021	0	0	0
Share issuance April 28, 2021	100	0,01	1
Consolidation of the shares August 27, 2021 [1)]	-100	- 0,01	-1
Consolidation of the shares August 27, 2021 [1)]	1	1,00	1
Share issue at October 1, 2021	199	1,00	199
At December 31, 2021	**200**	**1,00**	**200**

[1)] The company has consolidated its shares on August 27, 2021. After which the issued share capital amounted to EUR 1, divided into 100 ordinary shares with a nominal value of EUR 0.01 each.

Hedging reserve

The hedging reserve relates to cash flow hedges of future secured revenues and expenses against exchange rate fluctuations. The income statement effects of such instruments are recognized in accordance with the progress of the underlying construction contract as part of revenues or expenses as appropriate. The hedging reserve represents the value of such hedging instruments that is not yet recognized in the income statement. The underlying nature of a hedge is that a positive value on a hedging instrument exists to cover a negative value on the hedged position, see Note 4.5 derivative financial instruments

Pension remeasurement reserve

The pension remeasurement reserve includes the effect of remeasurement of pension obligations arising due to change in assumptions, such as discounts rates and experience adjustments.

Amounts in USD thousands	**2021**
Balance as of April 28	0
Other comprehensive income, net of tax	-737
Balance as of December 31	-737

See note 2.4 for more information relating to pension obligations.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences from hedges of net investments in foreign operations.

The currency translation reserve includes exchange differences arising from the translation of the net investments in foreign operations. Upon the disposal of investments in foreign operations or liquidation of such entities, the accumulated currency translation differences related to these entities are reclassified from the currency translation reserve to the income statement.

For the purpose of the group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximize shareholder value.

The group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, perform prepayments of debt or draw on short-term credit.

In order to achieve this overall objective, the group’s capital management, amongst other things, aims to ensure that it reinvests or returns excess cash flows from operations that are not necessary to maintain a healthy operating working capital to its investors. There has been no breach of the financial covenants in the current or previous period. Reference is made to note 4.6 Capital management.

4.8 Borrowings

Below are contractual terms of the group's interest-bearing loans and borrowings which are measured at amortized cost. For more information about the group's exposure to interest rates, foreign currency and liquidity risk, see note 4.1 Financial risk management and exposures.

31.12.2021

Amounts in USD thousand	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Revolving credit facility (USD 80 million)	USD	-	-	4%		Feb 2024	LIBOR + Margin
Bridge loan Tranche A	USD	112 500	112 405	4%		Feb 2022	LIBOR + Margin
Bridge loan Tranche B	USD	37 500	37 468	5%		Feb 2022	LIBOR + Margin
Term loan Tranche A	USD	52 500	50 806	4%		Feb 2024	LIBOR + Margin
Term loan Tranche B	USD	17 500	16 935	5%		Feb 2024	LIBOR + Margin
Shareholder loan	USD	102 000	102 000		8%	Oct 2025	Fixed rate
Total borrowings			**319 615**				
Current borrowings			**149 874**				
Non-current borrowings			**169 742**				
Total borrowings			**319 615**				

HMH Holding B.V. is the direct borrower of all of the loans above

Bank debt
The revolving credit facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks, consisting of: DNB, HSBC Continental Europe, Nordea Bank Abp and Skandinaviska Enskilda Banken AB. The terms and conditions include restrictions which are customary for these kinds of facilities, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers, dividend distribution and change of control provisions. For information about financial covenants, see note 4.6 Capital management.

Reconciliation of liabilities arising from financing activities

Amounts in USD thousand	28.4.2021	Non-cash loan	Cash flows	Capitalized interest	Capitalized borrowing costs	31.12.2021
Term loan facility			70 000		-2 259	67 742
Bridge loan facility			150 000		-127	149 874
Shareholder loan [1)]		100 000		2 000		102 000
Total liabilities arising from financing activities	**0**	**100 000**	**220 000**	**2 000**	**-2 385**	**319 615**

[1)] As part of the consideration paid to Akastor and Baker Hughes in relation to the creation of the joint venture, see note 6.1 for further details, was by establishing shareholder loans to Akastor and Baker Hughes. The total amount of the shareholder loan is USD 100 million and will not be settled prior to external debt. Earliest maturity date is set to October 1, 2025. USD 20 million of the loan relates to Akastor, and remaining USD 80 million is a loan from Baker Hughes to HMH.

Section 5 - Tax

5.1 Income tax

Income tax expense

Amounts in USD thousands	**28.04.2021-31.12.2021**
Current year	-3 104
Total current tax expense(-) / income	**-3 104**
Deferred tax expense	
Origination and reversal of temporary differences	-1 324
Total deferred tax expense(-) / income	**-1 324**
Total tax expense(-) / income	**-4 428**

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate in The Netherlands.

Amounts in USD thousands	**28.04.2021-31.12.2021**	
Profit (loss) before tax	**4 513**	
Tax rate (25%)	**-1 128**	-25%
Tax effects of:		
Difference between local tax rate and Dutch tax rate	**550**	12%
Permanent differences	**-1 241**	-27%
Tax losses not recognized as deferred tax assets	**-1 762**	-39%
Other	**-848**	-19%
Total tax expenses(-) / income	**-4 428**	**-98%**

Recognized deferred tax assets and liabilities

	Assets		**Liabilities**		**Net**	
Amounts in USD thousands	***31.12.2021***	*01.10.2021*	***31.12.2021***	*01.10.2021*	***31.12.2021***	*01.10.2021*
Property, plant and equipment	4 274	4 274	-6 470	-6 470	-2 196	-2 196
Intangible assets	-	-	-13 941	-13 941	-13 941	-13 941
Projects under construction	-	-	-8 220	-8 220	-8 220	-8 220
Pensions	5 938	5 938	-20	-20	5 918	5 918
Provisions	11 742	11 742	-	-	11 742	11 742
Derivatives	-	-	-1 506	-1 073	-1 506	-1 073
Other	19 151	20 042	-227	-227	18 924	19 816
Tax loss carry-forwards	2 166	2 166	-	-	2 166	2 166
Total before set offs	**43 271**	**44 162**	**-30 384**	**-29 951**	**12 887**	**14 211**
Set off of tax	-4 521	-4 521	4 521	4 521	-	-
Total deferred tax assets (liabilities)	**38 750**	**39 641**	**-25 863**	**-25 430**	**12 887**	**14 211**

Change in net recognized deferred tax assets and liabilities

Amounts in USD thousands	Property, plant and equipment	Intangible assets	Projects under construction	Pensions	Provisions	Derivatives	Other	Tax loss carry-forwards	**Total**
Balance as of April 28, 2021									
Acquisition of subsidiaries	-2 196	-13 941	-8 220	5 918	11 742	-1 073	19 816	2 166	14 211
Recognized in profit and loss	-	-	-	-281	-	-183	-861	-	-1 324
Recognized in other comprehensive income	-	-	-	281	-	-266	-	-	15
Currency translation differences	-	-	-	-	-	15	-31	-	-16
Balance as of December 31, 2021	**-2 196**	**-13 941**	**-8 220**	**5 918**	**11 742**	**-1 506**	**18 924**	**2 166**	**12 887**

Unrecognized tax loss carry-forwards and unrecognized other tax reducing temporary differences

Expiry date of unrecognized tax loss carry-forwards

Amounts in USD thousands	**2021**
Expiry in 2022	-
Expiry in 2023	-
Expiry in 2024 and later	29
Indefinite	9 888
Total	9 918

Unrecognized other tax reducing temporary differences at 31.12.2021 17 045

Section 6 - Group structure

6.1 Business combinations

Business combinations in 2021

On October 1, 2021 the joint venture between Akastor and Baker Hughes was formed and named HMH. The joint venture was established by Akastor contributing its shares in MHWirth AS to HMH Holding BV in return for 50% of the shares with a fair value of USD 300 million and USD 117.4 million million, of which USD 97.71 million was payable in cash at closing with the remainder in the form of a shareholder loan (SHL). Baker Hughes transferred the Subsea Drilling System in return for 50% of the shares with a fair value of USD 300 million and USD 166..4 million million, of which USD 86.55 million was payable in cash at closing with the remainder in the form of a shareholder loan (SHL). The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%).

MHWirth is a supplier of drilling solutions and complete top side drilling packages and services to both onshore and offshore oil and gas, which includes: overhaul, equipment installation and commissioning, services account management, 24/7 technical support, logistics, engineering upgrades, spare parts supply, training and condition based maintenance etc.

Subsea Drilling Systems (SDS) is a supplier of integrated drilling products and services, and the key product offering consists of blowout preventor systems, controls and drilling riser equipment, includes spare parts supply for rig operations and maintenance programs, overhaul and recertification and reactivation of rigs and 24/7 technical supports. is

If the joint venture would have been established and MHWirth AS and SDS would have been be transferred on January 1, 2022, the revenue for the Group would have been USD 583.4 million and the profit before tax would have been USD 31.1 million .

Identifiable assets and liabilities acquired

Amounts in USD thousands	**MHWirth AS**	**SDS**
Land and Land improvements	15 928	23 459
Fixed Assets	65 780	129 275
Inventory	42 041	120 849
Trademark / Trade name	6 638	13 485
Developed technology	24 412	20 652
Customer relationships	64 169	43 444
Customer contract	-2 012	3 362
Other current assets and liabilities [1)]	25 585	-61 404
Cash and cash equivalents	18 285	19 000
Deferred tax asset	11 069	3 142
Other long-term assets and liabilities	-30 367	48 029
Total identifiable net assets acquired	**241 528**	**363 293**
Purchase consideration transferred	417 407	466 411
Goodwill	**175 878**	**103 118**

[1)] The fair value of current receivables of USD 135 million (MHWirth) and USD 9 million (SDS) is included here. The gross value of the same receivables are USD 144 million (MHWirth) and USD 10 million (SDS) at acquisition date. The group except to collect all outstanding receivables.

Analysis of cash flows on acquisition

Amounts in USD thousands	**MHWirth AS**	**SDS**
Net cash acquired with the subsidiary	18 285	19 000
Cash paid	97 711	86 551
Net cash flow from acquisition	**-79 426**	**-67 551**

The goodwill resulting from the MW Wirth AS and SDS acquisitions are mainly attributable to the skills and technical talent of the workforce and expected synergies going forward.

Transaction costs of USD 861 thousand were expensed and are included in the other operating expenses.

The net assets recognized at October 1, 2021 were based on a provisional assessment of their fair value while the group is finalizing the review and measurement of the fair values of the intangible and tangible assets.

6.2 Group Companies

The ultimate parent company of HMH is HMH Holding B.V. The ownership equals the percentage of voting shares, if not stated otherwise.
For information about other investments in the group, refer to Note 6.3 Equity-accounted investees.

Group companies as of December 31, 2021

Company	Location	Country	Ownership (%) 31.12.2021
HMH Holding B.V.	Amsterdam	Netherlands	
MHWirth			
MHWirth Pty Ltd	Argenton	Australia	**100**
MHWirth do Brasil Equipamentos Ltda	Rio de Janeiro	Brazil	**100**
MHWirth Canada Inc	Newfoundland	Canada	**100**
MHWirth Chile SpA	Santiago	Chile	**100**
MHWirth GmbH	Erkelenz	Germany	**100**
MHWirth (India) Pvt Ltd	Mumbai	India	**100**
MHWirth AS	Kristiansand	Norway	**100**
MHWirth HoldCo AS	Kristiansand	Norway	**100**
MHWirth (Singapore) Pte Ltd	Singapore	Singapore	**100**
MHWirth Singapore Engineering Management Pte	Singapore	Singapore	**100**
MHWirth FZE	Dubai	UAE	**100**
MHWirth Gas & Oilfield Equipment & Services LLC [1]	Abu Dhabi	UAE	**49**
MHWirth UK Ltd	Aberdeen	UK	**100**
MHWirth LLC	Houston	USA	**100**
MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd	Shanghai	China	**100**
Bronco Manufacturing, LLC	Tulsa	USA	**100**
SDS			
Hydril PCB Canada Inc	Newfoundland	Canada	**100**
Baker Hughes Drilling Engineer Services of India Pvt. Ltd	Chennai	India	**100**
Hydril Pressure Control S. de R.L de C.V.	Veracruz	Mexico	**100**
Frontica Engineering AS	Kristiansand	Norway	**100**
Hydril Pressure Controlling Arabia Limited	Riyadh	Saudi Arabia	**100**
Hydril Pressure Control SASU	Dakar	Senegal	**100**
Baker Hughes Drilling Asia Pte Ltd	Singapore	Singapore	**100**
Hydril PCB Limited	Aberdeen	UK	**100**
Hydril USA Distribution LLC	Houston	USA	**100**
Other companies			
Electrical Subsea & Drilling AS [2]	Straume	Norway	**20**

[1] The other shareholder of MHWirth Gas & Oilfield Equipment & Services LLC is not active, has no right for dividend or appoint the board of directors. HMH considers to have full control of the company and consolidated in HMH without non-controlling interests.

[2] Associated company

Step Oiltools B.V was sold from MHWirth AS to Akastor AS prior to the formation of HMH under which MHWirth AS has a seller’s credit note against Akastor AS of USD 16,4 million. As part of the agreement, there is a locked-box interest of 8% p.a. calculated on the Share Consideration from the date of the Carve-in-agreement until completion.

The completion of the Carve-in agreement is conditional upon Akastor/Step receiving the relevant regulatory approvals for re-transferring Step back to the Company. The seller credit expires as soon as the regulatory approval is received, and at the latest of 31. March 2023.

However, even when HMH bears the economic risk and benefit for the period between signing and closing, HMH does not consider to have control over the entity and Step Oiltools B.V is not consolidated in HMH.

6.3 Equity-accounted investees

Equity-accounted investees include joint ventures and associates. See note 7.3 Related parties for overview of transactions and balances with joint ventures and associates, and any guarantees provided on behalf of or from such entities.
The groups interest is accounted for using the equity method in the consolidated financial statements.

Amounts in USD thousands	**2021**
Share of profit (loss) reported in Financial items	63
Carrying amount of investments	186

Amounts in USD thousands	**2021**
Carrying value at April 28	-
Acquired as a part of business combination	124
Profit and loss for the period	63
Exchange rate adjustment	-2
Adjustments December 31	-
Carrying amount at December 31	186

Carrying amount of investments consists of an investment of USD 183 thousand in Electrical Subsea & Drilling AS (20%-ownership) and other smaller investments in Hydril USA Distribution LLC and Baker Hughes Drilling Asia Pte. Ltd.

Section 7 - Other disclosures

7.1 Other non-current liabilities

Amounts in USD thousands	**31.12.2021**
Welfare and support fund	**2 335**
Other non-current liabilities	**561**
Total other non-current liabilities	**2 896**

Welfare and support fund
The main purpose of this fund is to serve future indirect pension obligations.

7.2 Provisions

Amounts in USD thousands	**31.12.2021**
Provision, current	**14 206**
Provision, non-current	**5 288**
Total provisions	**19 494**

Development of significant provisions

Amounts in USD thousands	*Warranties*	*Restructuring*	*Other*	*Total*
Balance as of April 28, 2021	**-**	**-**	**-**	**-**
Acquisition through business combinations	7 911	1 792	6 528	**16 231**
Provision provided during the period	1 054	52	3 207	**4 313**
Provision utilized during the period	-381	-139	-	**-520**
Provisions reversed during the period	-442	-	166	**-276**
Currency translation differences	-78	16	-191	**-253**
Balance as of December 31, 2021	**8 064**	**1 722**	**9 709**	**19 495**
Expected timing of payment				
Within the next twelve months	6 813	276	7 119	**14 207**
After the next twelve months	1 252	1 446	2 590	**5 288**
Total	**8 064**	**1 722**	**9 709**	**19 495**

Warranties
The provision for warranties relates mainly to the possibility that HMH Group, based on contractual agreements, needs to perform guarantee work related to products and services delivered to customers. Warranty provision is presented as current as it is expected to be settled in the group's normal operating cycle. See Note 1.3 Significant accounting estimates and judgments for further descriptions.

Restructuring
Restructuring mainly relates to significant workforce reduction and reorganization in MHWirth due to the challenging rig market. The provision includes provision for vacant office premises after the workforce reduction and is estimated based on the detailed restructuring plans for the businesses and locations affected.

Other provisions
Provisions in Hydril USA Distribution LLC was:
- USD 4 million environmental reserve for estimated remediation costs for two plants.
- USD 2 million other provisions

Remaining USD 3 million is other provisions in the Group.

7.3 Related party transactions

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions with related parties to HMH Holding B.V. have been based on arm's length terms.

HMH Holding B.V. is a parent company with control of around 25 companies around the world. These subsidiaries are listed in note 6.2 Group companies. Any transactions between the parent company and the subsidiaries are shown line by line in the separate financial statements of the parent company, and are eliminated in the consolidated financial statements.

Associates are accounted for using the equity method, see note 6.3 Equity-accounted investees. Transactions between the group and these entities are shown in the table below.

Remunerations and transactions with directors and executive officers are summarized in note 7.4 Management remunerations.

HMH Group with its parent company HMH Holding B.V. , is a joint venture by Akastor and Baker Hughes. The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%). For equity transaction with parents, refer to Note 4.7

Related parties for the HMH Group are the shareholders and the entities in the Akastor group and Baker Hughes group.

Summary of transactions and balances with significant related parties

Amounts in USD thousands	*Akastor entities*	*Baker-Hughes entities*	*Parents*	*Total*
Period April 28, 2021 - December 31, 2021				
Income statement				
Revenue	-	692	-	**692**
Operation expenses	-	-4 340	-	**-4 340**
Net financial items	-400	-	-1 600	**-2 000**
As at December 31, 2021				
Assets (liabilities)				
Finance lease receivables	11	-	-	**11**
Interest-bearing receivables	16 355	-	-	**16 355**
Trade receivables	130	3 490	-	**3 620**
Trade payables	-	-11 817	-	**-11 817**
Borrowings / shareholder loans	-20 400	-81 600	-	**-102 000**
Receivables carved-out pension	27 900	-	-	**27 900**

Related party transactions

Akastor

- Akastor has provided a shareholder loan to HMH of total USD 20 million. This is a long-term loan provided to finance the Groups operating and finance activities
- Akastor has provided a seller's credit for Step Oiltools of USD 16.4 million related to carve-out of Step Oiltools prior to the merger.
- In relation to the merger, there were performed a carve-out of pension liabilities in MHWirth AS - asset in HMH Holding B.V against Akastor AS.
- As part of the merger, Akastor is responsible for the pension liability from before the merger. Hence, HMH has a receivable of USD 27,9 mill receivable towards Akastor

Baker Hughes

- Baker Hughes has provided a shareholder loan to HMH of total USD 82 million. This is a long-term loan provided to finance the Groups operating and finance activities.
- Between HMH and Baker Hughes there exist a transaction service agreement (TSA). Operating expense for HMH related to this agreement was USD 4.3 million.

7.4 Management remuneration

Board of directors
The board of directors did not receive any other fees than those disclosed below. The members of the board of directors have no agreements that entitle them to any extraordinary remuneration.

The fees disclosed below represent expenses recognized in the income statement based on assumptions about fees to be approved at the general assembly rather than actual payments made in the year.

Supervisory Board and Audit Committee
The board of directors constitute also as Audit Committee

Policy on remuneration to the members of the executive management
As of December 31, 2021, the executive management of HMH Holding comprised of CEO Merrill A. Miller Jr, CFO Thomas McGee, GC/CAO Dwight Rettig, Eirik Bergsvik (President Equipment and System Solution) and Chuck Chauviere (President Pressure Control Systems). All personnel except Dwight Rettig were employees of the company with terms and conditions of employment consistent with industry standards. Dwight Rettig was a contractor.

Compensation to the executive management has a fixed element which includes a base salary which, pursuant to the company's benchmarking, is competitive with other comparable companies. In addition, the executive management has variable remuneration based upon the performance of the company. All variable compensation is subject to caps.

In 2021, the executive management received a short-term (regular) benefits of USD 0.68 thousand. No other remuneration has been paid to the executive management in 2021.
The board of directors received no remuneration in 2021.

Benefits
The executive management participates in the standard employee, pension and insurance plan applicable to all employees in the company. No executive personnel in HMH have performance-based pension plans and there are no current loans, prepayments or other forms of credit from the company to its executive management.
HMH has no share-based payments to the Executive management or to the Board of Directors.

Directors' and executive management's shareholding
Directors and the members of the executive management has no share in HMH Group as of December 31, 2021.

7.5 Subsequent events

Non-adjusting events

The situation in Ukraine
February 2022, Russian armed forces invaded Ukraine. HMH has no employees in Ukraine or Russia. In 2022, HMH have two minor deliveries ongoing in Ukraine and Russia which is put on hold until circumstances are acceptable for further operations. Management is handling this event and its development proactively, including sanctions and indirect impacts, and are taking actions to mitigate its effect on supply chain and other associated risks.

Conversion of bridge loan
HMH has a facility agreement with a bank consortium including USD 150 million Bridge Facility, USD 80 million Multicurrency Revolving Credit Facility and USD 70 million Term loan facility. The bridge loan of USD 150 million had a termination date February 26, 2022.
The bridge loan was refinanced with a Bond loan the 16th of February 2022. The terms for the Bond loan are 7% margin + LIBOR (Libor01 published by Reuters) and has a maturity date February 10, 2025.

Cancellation of Valaris 20K-Contract
The backers of the 20K development driving this project order from Valaris were Equinor and Total Energies. Earlier in 2022, Total Energies exited its involvement leaving Equinor to seek out a new partner. While that remains a possibility, potential partners informed Equinor it would make sense to cancel the existing agreements including the one related to the Valaris 20K project as any new partner would need to re-baseline with Equinor. HMH was protected financially through a time-based cancellation clause resulting in a positive financial impact on the contract of approx.USD 19-20 million in contribution margin accounted for in 2022. The cancellation did not have any negative impact on operation or other negative consequences.

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To the Board of Directors of HMH Holding B.V.

Independent Auditor's Report

Report on the Audit of the special purpose Financial Statements

Opinion

We have audited the consolidated financial statements for the period from 28 April 2021 to 31 December 2021 of HMH Holding B.V. ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statements of changes in equity the period then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group as required by laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the Board of 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Other matter

This auditor's report is issued for the purpose of reporting on our audit of the consolidated financial statements as at 31 December 2021 and for the period from 28 April 2021 to 31 December 2021, for the purpose of HMH Holding B.V.`s listing of a bond loan on Oslo Børs. The purpose of these special purpose consolidated financial statements is described in the notes, section 1.1 General information – basis for preparation.

Oslo, 7 September 2022
KPMG AS

Vegard Tangerud
State Authorised Public Accountant

Interim condensed financial information

June 30, 2022

HMH Holding B.V. including subsidiaries

Unaudited

Business Overview

Revenues and Orders
Revenues rose 27% on a year over year basis and 29% in a quarter over quarter basis. These results were positively impacted by the termination of the Valaris 20k BOP project. Aftermarket orders intact and remained strong for the second consecutive quarter, highlighting the tailwinds in the offshore industry from higher crude prices and higher day rates for our customers. As further reactivations are announced and implemented in the second half, HMH holds an optimistic view for 2023. While we see limited interest in new projects, we are seeing strong interest for products, including offshore, land and non-oil and gas products. The GMGS project continues to progress according to plan.

EBITDA and Cash Flow
EBITDA was up substantially on a year over year and quarter over quarter basis, driven partially by a termination fee from Valaris. Absent that termination, HMH would have still reported higher EBITDA than Q2 of 2021. Free cash flow was negative with $7 million, driven by working capital movements within our project segment. The aftermarket segment of HMH exhibits very steady working capital performance while the project segment demonstrates greater volatility due to the timing of payment to us and outflows to key vendors.

Integration Progress and Expense
HMH has continued to integrate the businesses and build out an independent team from our respective parents. The company has spent and will continue to spend significant amounts to implement an ERP system for the PCS business as we complete the carveout from Baker Hughes. After that is complete in the third quarter, the company will shift its focus to unifying the ERP system by migrating the ESS business onto the new system. This will greatly enhance our reporting capabilities as we prepare to be able to meet US public company reporting standards. Other key integration initiatives involve combining a few smaller product lines, integration of foreign service operations, and unification of compensation plans.

Capital Structure
HMH continued to amortize its term loan per the agreed schedule with the banks. We now have 204 million USD of interest-bearing debt, with an undrawn $80 million RCF. With $63 million of cash on the balance sheet, we have $141 million of net debt. This allows us to stay well within all covenant requirements for Minimum Liquidity, Gearing Ratio and Interest Coverage Ratio. While the company continuously evaluates the state of the capital markets, we expect to continue amortizing the term loan.

Growth
The Company continues to look to expand current product offerings in new areas, while also looking at a wide variety of M&A opportunities. As a top priority, we are looking to expand our land capabilities. Our Bronco (land parts business) continues to grow as US rig count increases. Furthermore, we continue to explore other oil and gas capital equipment segments. Finally, we have both organic and inorganic initiatives aimed at increasing our non-oil and gas businesses.

Amsterdam, August 30, 2022

Thomas McGee
(Chief Financial Officer)

Table of Content

Notes to the Consolidated Financial Statement

Unaudited condensed interim income statement

Amounts in USD thousands	*Notes*	Second quarter 2022	First half year 2022	28.04. - 31.12.2021
Revenue and other income	*2.1*	181,201	322,107	169,736
Materials, goods and services		40,648	60,054	67,361
Salaries, wages and social security costs		46,588	90,144	46,303
Other operating expenses		71,032	140,975	22,883
Operating expenses		**158,268**	**291,173**	**136,547**
Operating profit before depreciation, amortization and impairment		**22,934**	**30,934**	**33,189**
Depreciation and amortization		11,703	23,393	12,662
Impairment		-	-	1,587
Operating profit / loss(-)		**11,231**	**7,541**	**18,941**
Finance income		3,964	5,544	4,111
Finance expenses		-14,255	-24,021	-18,602
Profit / loss(-) from equity-accounted investees		-257	168	63
Net finance expenses		**-10,548**	**-18,308**	**-14,428**
Profit / loss(-) before tax		**683**	**-10,767**	**4,512**
Income tax expense (income)		4,603	5,620	4,428
Profit (loss) from continuing operations		**-3,921**	**-16,387**	**3,308**
Net profit (loss) from discontinued operations		-812	-1,622	-3,224
Profit / loss(-) for the period		**-4,732**	**-18,009**	**84**
Profit attributable to:				
Equity holders of the parent		-4,732	-18,009	84

Unaudited condensed interim statement of comprehensive income

Amounts in USD thousands	*Notes*	Second quarter 2022	First half year 2022	28.04. - 31.12.2021
Profit (loss) for the period		**-4,732**	**-18,009**	**84**
Other comprehensive income				
Cash flow hedges, gross amount		-3,632	-7,264	1,329
Cash flow hedges, tax effect		726	1,453	-266
Total change in hedging reserve, net of tax		**-2,906**	**-5,811**	**1,063**
Currency translation differences - foreign operations		814	1,627	9,351
Total items that may be reclassified subsequently to profit or loss, net of tax		**-2,092**	**-4,184**	**10,415**
Remeasurement gain (loss) net defined benefit liability		-254	-509	-1,018
Deferred tax of remeasurement gain (loss) net defined benefit liability		70	140	281
Total items that will not be reclassified to profit or loss, net of tax		**-184**	**-368**	**-737**
Total other comprehensive income / loss(-) for the period, net of tax		**-2,276**	**-4,552**	**9,678**
Total comprehensive income / loss(-)		**-7,009**	**-22,561**	**9,762**
Total comprehensive income / loss(-) attributable to:				
Equity holders of the parent		-7,009	-22,561	9,762

Unaudited condensed interim statement of financial position

USD thousands	Notes	30/06/2022	31/12/2021
ASSETS			
Non-current assets			
Deferred tax assets		34,413	38,750
Property, plant and equipment		220,110	228,233
Other Intangible assets		155,617	173,338
Right-of-use assets		36,035	41,588
Goodwill		286,855	281,035
Equity-accounted investees		483	186
Other investments		12	39
Other non-current assets		86	346
Total non-current assets		**733,611**	**763,514**
Current assets			
Prepaid company tax		950	-
Inventories		145,168	156,932
Trade receivables and other current assets		263,472	240,789
Derivative financial instruments		5,208	7,104
Current financial assets		44,997	44,295
Cash and cash equivalents		63,118	91,725
Assets held for sale		3,240	-
Total current assets		**526,153**	**540,845**
TOTAL ASSETS		**1,259,764**	**1,304,359**

Unaudited condensed interim statement of financial position

USD thousands	Notes	30.06.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital		0	0
Share premium		600,000	600,000
Other equity		- 5,919	-1,367
Retained earnings		- 17,924	84
Total equity		**576,157**	**598,718**
Non-current liabilities			
Non-current borrowings		253,929	169,742
Non-current lease liabilities		28,456	33,041
Employee benefit obligations		23,882	26,627
Deferred tax liabilities		23,279	25,863
Non-current provisions		1,091	5,288
Other non-current liabilities		54,203	2,896
Total non-current liabilities		**384,839**	**263,457**
Current liabilities			
Current borrowings		4,499	149,874
Current lease liabilities		9,422	10,207
Current tax liabilities		7,729	5,988
Current provisions		17,377	18,206
Trade payables and other current liabilities		244,996	251,914
Derivative financial instruments		11,302	5,996
Liabilities directly associated with the assets held for sale		3,443	-
Total current liabilities		**298,768**	**442,184**
Total liabilities		**683,607**	**705,641**
TOTAL EQUITY AND LIABILITIES		**1,259,764**	**1,304,359**

[1)] Assets and liabilities held for sale consist of Frontica Engineering AS

Amsterdam, August 30, 2022

Thomas McGee
(Chief Financial Officer)

Unaudited condensed interim statement of cash flows

Amounts in USD thousands	Notes	Second quarter 2022	First half 2022	28.04. - 31.12.2021
Cash flow from operating activities				
Profit (loss) before tax from continuing operations		683	-10,767	8,542
Profit (loss) before tax from discontinued operations		-908	-1,731	-4,030
Profit (loss) before tax	-	225	-12,498	4,512
Adjustments for:				
Net finance income and expenses		10,291	18,476	14,492
Depreciation, amortization and impairment		11,703	23,393	14,248
(Gain) loss on disposal of assets		-92	-111	-21
(Profit) loss from equity-accounted investees		257	-168	-63
		21,934	29,093	33,168
Changes in working capital:				
Decrease/(increase) in trade receivables and other current assets		-3,093	-20,786	-80,902
Increase/(decrease) in inventories		-1,051	11,764	7,571
Increase/(decrease) in trade payables and other liabilities		2,655	-2,441	46,920
Other changes		-8,258	-8,367	19,469
		-9,746	-19,830	-6,941
Interest paid		-3,834	-8,447	-185
Interest paid for leases		-549	-1,147	-601
Interest received		537	973	393
Income taxes paid		-1,915	-2,018	-
Net cash from operating activities		**6,427**	**-1,376**	**25,834**
Cash flow from investing activities				
Purchase of property, plant and equipment		-560	-1,169	-1,550
Payments for capitalized development expenses		-402	-608	-306
Proceeds from sale of property, plant and equipment		94	113	21
Acquisition of subsidiaries, net of cash acquired		-	-	-146,977
Net cash flow from investing activities		**-868**	**-1,664**	**-148,811**
Cash flow from financing activities				
Proceeds from borrowing		-	150,000	220,000
Payment of borrowing		-7,778	-165,556	-
Payment of borrowing cost		-308	-3,591	-2,385
Payment of lease liabilities		-1,409	-3,208	-1,743
Net cash flow from financing activities		**-9,495**	**-22,354**	**215,872**
Effect of exchange rate changes on cash and bank deposits		-3,512	-3,212	-1,169
Net increase (decrease) in cash and bank deposits		**-7,448**	**-28,607**	**91,725**
Cash and cash equivalents at the beginning of the period		70,566	91,725	-
Cash and cash equivalents at the end of the period		**63,118**	**63,118**	**91,725**

Unaudited condensed interim statement of changes in equity

For the six months ended 30 June 2022

				Other equity			
Amounts in USD thousands	*Note*	**Share capital [1)]**	**Share premium**	**Hedging reserve**	**Pension remeasurement reserve**	**Currency translation reserve**	**Retained earnings**	**Total equity**
Equity as of 31 December, 2021		0	600 000	1 063	-737	-1 693	84	**598 718**
Profit (loss) for the period							-18 009	**-18 009**
Other comprehensive income				-5 811	-368	1 627		**-4 552**
Equity as of June 30, 2022		**0**	**600 000**	**-4 748**	**-1 105**	**-66**	**-17 924**	**576 157**

[1)] Share capital is 0.002 thousand USD at 31.12.2021 and at 30.06.2022

Section 1 - Background

Note 1 General information

1.1 Corporate information

HMH (the group) consist of HMH Holding B.V. and its subsidiaries. HMH Holding B.V. is a limited liability company that was incorporated and domiciled in the Netherlands on the April 28, 2021. The registered office is located at Amstelveenseweg 500, 1081KL Amsterdam, Netherlands.

The HMH group was established with effect from October 1, 2021, through the parent company's acquisition of all shares in MHWirth AS from Akastor ASA and the Subsea Drilling System business from Baker Hughes.

HMH is a leading global provider of full-service offshore and onshore drilling equipment offering that provides our customers with a broad portfolio of products and services that are designed to be safer and more efficient.

1.2 Basis of preparation

This special purpose interim condensed financial information for the three and six months ended June 30, 2022 has been prepared in accordance with the accounting principles of IFRS and IAS 34 Interim Financial Reporting, except for the complete set of disclosures and required periods. The Interim report does not include all of the information and disclosure required for a complete set of annual consolidated financial statements, should be read in conjunction with HMH's Annual Report 2021. The accounting policies applied in this Interim Report are the same as those applied in the group's consolidated financial statement for the year ended December 31, 2021.

As the group was established as at October 1, 2021, the Interim report does not disclose comparatives for three and six months ended period. There were no significant transactions in HMH Holding BV before establishment of the HMH group.

The half-year report is unaudited.

Section 2 - Operating performance

Note 2.1 - Revenue from contracts with customers

Revenue types

Amounts in USD thousands	**Second quarter 2022**	**First half year 2022**	**28.04. - 31.12.2021**
Revenue from contract with customers	179,511	320,416	169,571
Other revenue and income			
Lease revenue	239	239	144
Other income	1,340	1,340	-
Gain on disposal of fixed assets	111	111	21
Total revenue and other income	**181,201**	**322,107**	**169,736**

Disaggregation of revenue from contracts with customers

Revenue from contracts with customer is disaggregated in the following table by major contract and revenue types and timing of

Second quarter 2022

Amounts in USD thousands	**ESS**	**PCS**	**Total**
Major contract/revenue types			
Construction revenue	59,350	62,874	122,224
Service revenue	21,842	20,691	42,533
Sale of products	14,754	-	14,754
Total revenue from contracts with customer	**95,946**	**83,566**	**179,511**
Timing of revenue recognition			
Transferred over time	81,191	83,566	164,757
Transferred at point in time	14,754	-	14,754
Total revenue from contracts with customer	**95,946**	**83,566**	**179,511**

First half year 2022

Amounts in USD thousands	**ESS**	**PCS**	**Total**
Major contract/revenue types			
Construction revenue	77,054	97,880	174,934
Service revenue	53,139	44,098	97,237
Sale of products	48,245	-	48,245
Total revenue from contracts with customer	**178,438**	**141,978**	**320,416**
Timing of revenue recognition			
Transferred over time	130,193	141,978	272,171
Transferred at point in time	48,245	-	48,245
Total revenue from contracts with customer	**178,438**	**141,978**	**320,416**
Other revenue and income			1,690

Note 2.2 - Operating segments

HMH identifies its reportable segments and disclose segment information under IFRS 8 Operation Segments. See note 2.2 Operating Segments in HMH's Annual Report 2021 for description of HMH's management model and operating segments as well as accounting principles used for segments reporting.

Second quarter 2022

Amounts in USD thousands	**ESS**	**PCS**	**Total operating segments**	**Eliminations**	**Headquarter**	**Total HMH**
Income statement						
External revenue and other income	96,891	81,968	178,858	-	2,343	181,201
Inter-segment revenue	1,067	857	1,924	-1,924	-	-
Total revenue and other income	**97,958**	**82,825**	**180,782**	**-1,924**	**2,343**	**181,201**
Operating profit before interest, depreciation, amortization and impairment (EBITDA)	**10,561**	**17,312**	**27,874**	**-**	**-4,940**	**22,934**
Depreciation and amortization	-3,487	-7,138	-10,625	-	-1,078	-11,703
Impairment	-	-	-	-	-	-
Net finance income/expense	-3,170	72	-3,098	-	-7,193	-10,291
Share of profit (loss) of equity-accounted investees	-257	-	-257	-	-	-257
Operating profit / loss(-) (EBT)	**3,648**	**10,247**	**13,894**	**-**	**-13,212**	**683**

Firs half year 2022

Amounts in USD thousands	**ESS**	**PCS**	**Total operating segments**	**Eliminations**	**Headquarter**	**Total HMH**
Income statement						
External revenue and other income	179,803	139,953	319,756	-	2,351	*322,107*
Inter-segment revenue	1,710	2,536	4,246	-4,246	-	-
Total revenue and other income	**181,513**	**142,488**	**324,001**	**-4,246**	**2,351**	**322,107**
Operating profit before interest, depreciation, amortization and impairment (EBITDA)	**13,876**	**24,281**	**38,157**	**-**	**-7,223**	**30,934**
Depreciation and amortization	-7,130	-14,117	-21,247	-	-2,147	-23,393
Impairment	-	-	-	-	-	-
Net finance income/expense	-5,449	75	-5,375	-	-13,102	-18,476
Share of profit (loss) of equity-accounted investees	168	-	168	-	-	168
Operating profit / loss(-) (EBT)	**1,466**	**10,239**	**11,704**	**-**	**-22,471**	**-10,767**

List of Signatures

MHWirth AS Annual Accounts 2021 ver 130922_for signature.pdf

Name	Method	Signed at
Sjølund, Stian	BANKID_MOBILE	2022-09-16 10:39 GMT+02
Arne Albrektsen	BANKID_MOBILE	2022-09-16 10:30 GMT+02
Halvorsen, Asle Christian	BANKID	2022-09-15 14:54 GMT+02
Stenevik, Dag Arthur	BANKID	2022-09-15 13:09 GMT+02
Bergsvik, Eirik	BANKID_MOBILE	2022-09-15 10:33 GMT+02
Skogerbø, Pål	BANKID	2022-09-16 10:52 GMT+02

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

Internal

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

Profit and loss statement

	Note	01/01–31/12 2021	2020
Sales revenues	2,3	**1,762,348**	**2,226,120**
Total revenues		**1,762,348**	**2,226,120**
Project expenses	3	**628,435**	**1,015,677**
Payroll expenses	5.6	**750,515**	**746,706**
Depreciation on tangible and intangible assets	7,8	**30,068**	**35,339**
Other operating expenses	5,7,8	**276,558**	**311,499**
Net operating income		**76,772**	**116,899**
Dividend from subsidiaries and associated companies	9	**284,302**	**126,303**
Other financial income	18	**66,163**	**57,177**
Write-down of fixed asset investments	9	**-339,399**	**-30**
Interest costs to group companies	13	**-4,968**	**-2,298**
Other financial expenses	18	**-34,360**	**-79,746**
Net profit before tax		**48,510**	**218,305**
Tax expenses	14	**-56,462**	**-54,275**
Net profit		**-7,952**	**164,030**
Attributable to			
Dividend		**0**	**-1,439,088**
Group contribution allocated	15	**0**	**-492,587**
Retained earnings/loss	15	**7,952**	**1,767,645**
Total allocated		**7,952**	**-164,030**

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

Balance sheet

	Note	31/12/2021	31/12/2020
Assets			
Fixed assets			
Intangible assets			
Research and development	8	121,055	141,384
Total intangible assets		121,055	141,384
Property, plant & equipment			
Land, buildings and other property	7	10,559	11,016
Machinery and equipment	7	54,126	48,041
Total property, plant & equipment		64,685	59,057
Deferred tax benefits			
Deferred tax	14	156,654	199,245
Long term financial assets			
Investments in subsidiaries	9	1,288,537	1,542,014
Investments in other shares	10	4,727	4,727
Long term group receivables	13	653,869	0
Other long term receivables	18	0	25,611
Total long term financial assets		1,947,133	1,572,352
Total fixed assets		2,289,527	1,972,038
Current assets			
Inventory	4	64,945	90,334
Receivables			
Accounts receivables	12	129,718	146,803
Current group receivables	13	68,389	63,843
Other short term receivables	3,12	148,227	183,233
Total receivables		346,334	393,879
Bank deposits, cash, etc.	11	102,400	0
Total current assets		513,679	484,213
Total assets		2,803,206	2,456,251

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

Balance sheet

	Note	31/12/2021	31/12/2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	15	100,200	100,200
Other paid-in capital	15	2,472,517	1,590,332
Total paid-in capital		2,572,717	1,690,532
Retained earnings			
Reserves	15	-943,538	-937,676
Total retained earnings		-943,538	-937,676
Total equity		1,629,179	752,856
Liabilities			
Provisions			
Pension obligations	6	96,071	99,628
Other non-current liabilities	20	10,855	6,800
Total provisions		106,926	106,428
Other long term liabilities			
Long term corporate debt		424,039	0
Other long term liabilities		0	2,888
Total other long term liabilities		424,039	2,888
Current liabilities			
Trade creditors		122,791	101,957
Tax payable	14	4,822	76
Duties payable		53,057	49,536
Current group liabilities	13	2,468	851,244
Other current liabilities	3,12,20	459,924	591,266
Total current liabilities		643,062	1,594,079
Total liabilities		1,174,027	1,703,395
Total equity and liabilities		2,803,206	2,456,251

Kristiansand, 13 September 2022

Merill A. Miller Chairman of the Board	Eirik Bergsvik CEO	Pål Skogerbø Board Member

Dag Arthur Stenevik
Board Member

Stian Sjølund
Board Member

Arne Albrektsen
Board Member

Asle Christian Halvorsen
Board Member

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

Balance sheet

	Note	31/12/2021	31/12/2020
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	15	100,200	100,200
Other paid-in capital	15	2,472,517	1,590,332
Total paid-in capital		2,572,717	1,690,532
Retained earnings			
Reserves	15	-943,538	-937,676
Total retained earnings		-943,538	-937,676
Total equity		1,629,179	752,856
Liabilities			
Provisions			
Pension obligations	6	96,071	99,628
Other non-current liabilities	20	10,855	6,800
Total provisions		106,926	106,428
Other long term liabilities			
Long term corporate debt		424,039	0
Other long term liabilities		0	2,888
Total other long term liabilities		424,039	2,888
Current liabilities			
Trade creditors		122,791	101,957
Tax payable	14	4,822	76
Duties payable		53,057	49,536
Current group liabilities	13	2,468	851,244
Other current liabilities	3,12,20	459,924	591,266
Total current liabilities		643,062	1,594,079
Total liabilities		1,174,027	1,703,395
Total equity and liabilities		2,803,206	2,456,251

Kristiansand, 13 September 2022

Merill A. Miller Chairman of the Board	Eirik Bergsvik CEO	Pål Skogerbø Board Member

Dag Arthur Stenevik Board Member	Stian Sjølund Board Member	Arne Albrektsen Board Member

Asle Christian Halvorsen
Board Member

MHWirth AS
Annual Accounts 2021
(Amounts in NOK 1 000)

Cash flow statement

	Note	01/01–31/12 2021	2020
Cash flow from operations			
Net profit before tax		48,510	218,305
Tax paid in the period		76	0
Ordinary depreciations	7.8	30,068	35,339
Write-down of fixed assets	9.18	339,399	46,625
Change in inventories	4	25,389	40,973
Change in accounts receivables		17,085	107,713
Change in trade creditors		20,834	-86,478
Difference between pension cost and pension paid		-1,467	-15,310
Effect of exchange rate changes		4,839	-8,920
Change in current receivables and debt to group companies	13	0	-6,438
Change in other accrual items		-131,949	-180,063
Net cash flow from operations		352,784	151,746
Cash flow from investment activities			
Payments for the acquisition of tangible assets and capitalised research and development	7.8	-15,368	-34,856
Payments for purchase of shares in subsidiaries	9	-82,963	-51,197
Payments received due to other investments		22,802	0
Payments due to loan to subsidiaries		-635,884	0
Net cash flow from investment activities		-711,413	-86,053
Cash flow from financing activities			
Payments received due to long term debt		4,055	0
Payments received due to short term debt		509,573	0
Payments due to changes in corporate debt		0	-304,635
Payments due to new short term debt		-74,949	0
Payments of dividend		0	-160,000
Net cash flow from financing activities		438,679	-464,635
Net change in cash and cash equivalents		80,050	-398,942
Cash and cash equivalents as at 01/01		22,350	421,292
Cash and cash equivalents as at 31/12	11.13	102,400	22,350

In 2020 the funds placed in group cash pool was classified as Current group receivables in the Balance sheet, but as Cash in the Cash flow statement.

MHWirth AS

Annual Accounts 2021
(Amounts in NOK 1 000)

0 Re-issue of the Annual Accounts 2021

The Board of Directors and the CEO originally approved the Annual Accounts 2021 for issue on 24 June 2022.
Subsequently, some errors were detected and the company decided to correct these and re-issue the Annual Accounts 2021.
The corrections are:

The cash flow statement has been revised to reflect actual cash flow transactions. The comparative figures for 2020 are changed accordingly.
Note 9: Shares in MHW LLC and Step Oiltools BV were disposed of in 2021, and are thus removed from the tables showing ownership of subsidiaries at 31 December 2021.
Note 12: The note disclosure for the market value of hedging instruments at year end 31 December 2021 have been corrected

These re-issued Annual Accounts 2021 were approved by the Board of Directors and the CEO on 13 September 2022.

1 Accounting principles

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes and have been presented in accordance with the Accounting Act, the Limited Liability Companies Act and generally accepted accounting principles in Norway as at 31 December 2021. The annual accounts give a true view of assets and liabilities, financial position and profit and loss.

Income recognition
Income is recognised in the profit and loss account when it has been earned. For the sale of goods and services, income is usually recognised in the profit and loss account on the delivery date.
For construction contracts, the Percentage of completion method is used, ref. Construction contracts below.

Charging against income/grouping
Expenses are booked at the same time as the income to which the expenses can be referred.
Expenses that cannot be referred directly to income, are booked as costs when they occur.

Principal rule for assessment and classification of assets and liabilities
Assets intended for permanent ownership or use have been classified as fixed assets. Other assets have been classified as current assets. Receivables to be repaid within a year are always classified as current assets. Analogous criteria are used for classification of liabilities.

Fixed assets are valued at purchase cost, but written down to fair value when the recoverable amount is lower than the book value. Fixed assets with a limited economic lifetime are depreciated according to plan. Non-current liabilities are presented in the balance sheet at the nominal value on the establishment date.

Current assets are valued at the lower of the purchase cost and the fair value. Current liabilities are presented in the balance sheet at the nominal value on the establishment date.
Certain items are subject to a special assessment in accordance with the Norwegian Accounting Act. These items are described below and elsewhere in the notes.

Currency
Transactions in foreign currency are usually converted using the exchange rate on the transaction date. Monetary items in foreign currency are converted at the exchange rate on the balance sheet date.

Currency hedging
The company has a policy to hedge all significant transactions in foreign currency using forward contracts. Hedge accounting is carried out in accordance with NRS 18 (F) Financial assets and liabilities alternative 2. Changes in value of the hedging instrument are therefore not reflected in the accounts until the instrument has been realised. Receivables and liabilities (including accruals associated with projects in progress) which have been hedged using forward exchange contracts are valued at the hedging rate.

Intangible assets
Intangible assets expected to give future income, such as goodwill, development costs and patents, are presented in the balance sheet. Depreciation is calculated on a straight-line basis over the remaining economic lifetime.

Research and development
Research expenses are expensed when they occur. Development costs are recognised in the balance sheet insofar as they form part of the acquisition cost for a known identifiable asset that is to be recognised in the balance sheet and a future benefit associated with the development of an identifiable intangible asset. Conversely, such expenses are expensed on an ongoing basis. Recognised research and development are depreciated on a straight line basis over economic lifetime.

Tangible assets
Tangible assets are depreciated on a straight-line basis over the anticipated economic lifetime.
Normal maintenance is expensed as it arises. Improvement costs are presented in the balance sheet as part of the cost price and are depreciated over the remaining economic lifetime of the asset.

Write-downs
In the event of indications of impairment associated with tangible and intangible assets, the company estimates the recoverable amount and tests this against the book value. The recoverable amount is the net sales value or the utility value, whichever is greater. The utility value is calculated as a discounted future cash flow based on the company's continued use of the asset/assessment unit. Fixed assets are written down to the recoverable amount in cases where the recoverable amount is less than the book value. The write-down is reversed insofar as the basis for the write-down is no longer present.

Leasing / lease agreements

Lease agreements are classified as financial or operational according to the actual content of the agreement at the time of signing the contract.

The company has long-term lease agreements for office premises and operation buildings. Rental amounts are expensed on an ongoing basis.

Shares in subsidiaries and associated companies
Investments in subsidiaries are valued according to the cost method. The investments will be written down to fair value if the depreciation in value is not transitory. The same applies to investments in associated companies. Dividend received and other payments from the companies are recognised in the income statement as financial income. If the dividend exceeds MHWirth AS' share of retained profit after acquisition, the excess represents repayment of invested capital and is dealt with as reduced acquisition cost for the investment.

Group accounts

All of the company's shares are per 31.12.2021 owned by HMH Holding B.V. Pursuant to the exception provisions in Section 3-7 of the Accounting Act and associated regulations, the company has opted not to prepare sub-consolidated accounts. Group accounts may be obtained from HMH's head office: Weerdestein 97, 1083GG Amsterdam, Netherlands.

Other long-term shareholdings
Other long-term shareholdings in which MHWirth AS does not have a significant interest are recognised in the balance sheet at acquisition cost. The investments are written down to fair value if the impairment is not transitory. Dividend received and other payments from the companies are recognised in the income statement as other financial income. If the dividend exceeds MHWirth AS' share of retained profit after acquisition, the excess represents repayment of invested capital and is dealt with as reduced acquisition cost for the investment.

MHWirth AS
Annual Accounts 2021
(Amounts in NOK 1 000)

0 Re-issue of the Annual Accounts 2021
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Inventories

Inventories are recognised at the average acquisition cost or net sales value, whichever is lower. The net sales value for raw materials and work in progress is calculated as the net sales value of the finished products less the remaining production and sales costs.

Construction contracts
Work in progress related to fixed price contracts with a long production period is valued according to the Percentage of completion method. The percentage of completion is calculated according to the actual progress per project. Project costs include direct salary costs and materials, purchased goods and services from sub-contractors and attributable overhead costs.

General administrative costs are not included as project costs. The total costs are re-estimated on an ongoing basis.
The effect of changes to estimates of project profit will be recognised in the accounting period in which the revised estimate is made. If a project is expected to result in a loss, the full amount of the loss is recognised, regardless of the project's progress.

Receivables
Accounts receivable and other receivables are presented in the accounts at the nominal value less loss provisions. Loss provisions are made on the basis of an individual assessment of each receivable. In addition, a general loss provision is made for other trade debtors to cover anticipated loss.

Pensions
Defined contribution pension plans:
Obligations to provide contributions to defined contribution schemes are embedded as expenses in the profit and loss accounts when they occur.

Defined benefit-based pension schemes:
Net liability associated with defined benefit-based pension schemes is calculated separately for each scheme by estimating the size of future benefits that employee has earned through his or her work in the present and previous periods. These future benefits are discounted to calculate current value, and the fair value of pension reserves are subtracted to find the net liability. Discount interest amounts to the interest on government bonds/bonds with high creditworthiness on balance sheet day with a maturity equal to the group's liabilities. Calculations are done by an accredited actuary and are based on a straight-line contribution model.

When the benefits of a scheme improve, the portion of the benefits' increase that the employees have established rights to are embedded as expenses in the profit and loss accounts on a straight-line basis across the average time period up to the time the employees reached the unconditional right to the increased benefits. These costs are embedded immediately in the profit and loss accounts if the employees receive unconditional rights to the added benefits at the time the benefits are granted.

The company uses the opportunities inherent in NRS 6 to apply IAS 19 for recognising pensions in the accounts. Actuarial profits and losses when calculating the company's liabilities are recognised directly in other reserves / deferred tax.

Taxes
Taxes are charged against income as they arise, i.e. the tax cost is linked to the accounting pre-tax profit or loss. Tax related to shareholders' equity transactions, such as group contributions, is charged against equity.

The tax cost consists of tax payable (tax on the year's taxable income) and changes in net deferred tax.
The tax cost in the income statement includes the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the applicable tax rate based on temporary differences that exist between accounting and tax values, as well as any tax-related forwardable loss at the end of the fiscal year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are balanced. Recognition of deferred tax assets on net tax-reducing differences that have not been balanced and forwardable loss, is justified by assumed future earnings. Deferred tax and tax assets that can be capitalised are recognised net in the balance sheet.

Guarantees

Provisions for guarantee liability are calculated according to an assessment of actual and estimated guarantee costs on sold products.

Use of estimates
The preparation of the annual accounts in accordance with generally accepted accounting principles assumes that the management uses estimates and assumptions that affect the profit and loss accounts and the valuation of assets and liabilities, in addition to information regarding unsecured assets and liabilities on the balance sheet date. Contingent losses that are likely and quantifiable are expensed on an ongoing basis.

Cash flow statement
The funds are in 2021 classified as Bank deposits, cash etc. when in 2020 it was classified as Current group receivables as part of Akastor Cash Pool.
In the Cash flow statement it is presented as cash and cash equivalents for both years..
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other current liquid investments that immediately and with insignificant exchange risk can be converted into known cash amounts.

Presentation of figures
All amounts in the following tables are given in NOK 1 000.

2 Sales revenues

Per business area	2021	2020
Project deliveries	**241,171**	867,364
Equipment deliveries	**135,709**	98,203
Digital technology	**49,477**	75,919
Life cycle services	**1,259,139**	1,121,434
Other	**76,852**	63,200
Total	**1,762,348**	2,226,120

Geographical distribution	2021	2020
Norway	**706,817**	442,666
Other European countries	**275,250**	251,201
Total Europe:	**982,067**	693,867
Asia	**418,521**	1,208,740
America	**163,898**	315,756
Africa	**2,785**	6,212
Oceania	**195,077**	1,545
Total other continents:	**780,281**	1,532,253
Total	**1,762,348**	2,226,120

The division is based on the direct customer's geographical location.

3 Construction contracts as at 31/12

	2021	2020
Carried to income from current projects	**1,654,780**	1,648,684
Direct costs associated with accrued income/loss provisions	**1,513,009**	1,392,248
Net ongoing projects	**141,771**	256,436
Completed, not invoiced production (included in other short term receivables)	**306,003**	296,606
Advances from clients regarding projects (included in other current liabilities)	**256,368**	240,667

The provision includes an onerous customer contract with expected losses upon completion. The loss in the said onerous contract is estimated based on risk estimates from project management as well as executive management. The project is close to be finalized.

4 Inventories

	2021	2020
Raw materials and finished products	**468,303**	525,005
Obsolescence provision	**(403,359)**	(434,671)
Total	**64,944**	90,334

5 Payroll expenses, no. of employees, remuneration, loans to employees, etc.

Payroll expenses	2021	2020
Wages	**578,265**	591,007
Social security cost	**86,648**	92,122
Pension costs	**49,067**	51,344
Other employee costs	**32,726**	12,233
Total	**750,515**	746,706
Average no. of full-time equivalents	**706**	753

Remuneration to Managing Director	2021	2020
Salaries/bonus	**3,030**	4,040
Other remuneration	**22**	18
Pension	**107**	103

Key personnel may be given six months' notice on termination of their employment contract.

NOK 464 was paid in remuneration to the members of the Board of Directors.

Auditor
Cost overview:

	2021	2020

Statutory audit	**1,668**	1,567
Tax advice	**197**	166
Other services not covered by the audit	**541**	644
Total	**2,406**	2,377

All amounts are ex. VAT

6 Pensions

The company's pension costs show the employees' accrual of future pension in the financial year. In a defined contribution scheme, the company is responsible for providing an agreed contribution to the employee's pension fund. In a defined benefit scheme, the company is responsible for providing an agreed pension to the employee in relation to terminal pay.

The company is subject to the Act relating to Obligatory Occupational Pensions; our pension schemes are provided in accordance with this. On 1 July 2008, the company changed from a defined benefit pension scheme to a defined contribution pension scheme, where the employer only contributes an agreed amount to a pension account for each employee. Employees who had reached 58 years of age on the transition date continued on the defined benefit scheme.

A compensation scheme was established in connection with the transition to a defined contribution pension scheme and this ensures that the employees do not suffer any loss during transition to the new scheme. The size of the compensation has been based on the difference between the calculated pension capital from the defined benefit scheme and the value of the defined contribution scheme on reaching 67 years of age. The compensation is adjusted annually in accordance with the change in each member's pension basis and bears interest at market rates. If the employee retires voluntarily before reaching 67 years of age, the compensation will be reduced.

The defined benefit pension scheme is covered through Aker Pension Fund, which also covers employees in other Akastor companies. The company also participates together with other employers and the Norwegian State in a collective early retirement scheme called AFP. From 2010 the scheme has been changed, and no AFP liabilities has been presented in the accounts (other than the liability for pensioners already included in the scheme) as there are no reliable estimates for this. In addition, key personnel in the company have an additional pension over and above the collective pension scheme. This is financed through the company's operations.

Benefit pension will therefore include employees over 58 years of age at the time of transition to a defined contribution pension scheme as at 1 July 2008 (269 employees and 14 pensioners per 31.12.21), special pension schemes covered through operations (2 employees and 1 pensioneer per 31.12.2021) and early retirement pension schemes (AFP). In addition, the defined benefit pension scheme will consist of book liabilities associated with the transition to the defined contribution pension scheme (the compensation scheme).

Pension costs included in the profit and loss account

	2021	2020
Benefit plans		
Service cost of pension earnings for the year	-5 024	-5 809
Interest costs on pension liabilities	- 972	-1 669
Anticipated return on pension assets		
Plan changes	-	
Risk premium – disability pension	-	
Administration costs		
Social security cost	- 845	-1 054
Pension cost benefit plans including compensation scheme	-6 841	-8 533
Defined contribution pension plans	-42 226	-42 811
Total pension costs included in profit or loss for the year	-49 067	-51 344

6 **Pensions, cont.**

Reconciliation of the pension scheme's financial status against amount shown in the company's balance sheet

	2021			2020		
	Fund-based schemes	Non fund-based schemes	**Total**	Fund-based schemes	Non fund-based schemes	Total
Benefit plans						
Accrued pension liabilities		**84 198**	**84 198**		84 450	**84 450**
Pension assets at market value		**-**	**-**		-	**-**
Pension assets greater than (+) / less than (-) liabilities	-	**-84 198**	**-84 198**	-	-84 450	**-84 450**
Accrued social security cost		**-11 872**	**-11 872**		-11 908	**-11 908**
Net pre-paid pension (+) / incurred liabilities (-)	-	**-96 070**	**-96 070**	-	-96 358	**-96 358**

Financial assumptions

	2021	2020
Financial assumptions		
Discount rate	**1.50%**	1.50%
Anticipated return	**1.50%**	1.50%
Anticipated wage adjustment	**2.50%**	2.00%
Anticipated increase in pensions	**0,00/0,72%**	0,00/1,07%

6 **Pensions, cont.**

Changes in gross liabilities and assets for defined benefit pension liabilities (before payroll tax)

	2021	2020
Incurred pension liabilities at the beginning of the year	**96 358**	109 809
Service cost of pension earnings for the year	**5 182**	6 300
Interest costs on pension liabilities	**1 109**	1 903
Payments	**-3 899**	-2 349
Plan change		
Additions/reductions in connection with mergers/restructuring	-	-19 484
Actuarial profit/loss	**-2 680**	179
Incurred pension liabilities at year-end	**96 070**	96 358

Analysis of investment of pension assets and anticipated return

Different types of investment on pension assets as a percentage of pension assets	**2021**	2020
Equity instruments	**0.0 %**	0.0 %
Debt instruments	**54.0 %**	54.0 %
Other types of investment	**46.0 %**	46.0 %
Total	**100.0 %**	100.0 %

List of net pension liabilities and deviations (before payroll tax)

	2021	2020	2019	2018	2017	2016
Incurred pension liabilities	**96 070**	96 358	178 452	168 847	170 616	174,255
Pension assets at market value			-82 075	-83 353	-87 920	-88,871
Net pension liabilities	**96 070**	96 358	96 377	85 494	82 696	85 384
Actuarial profit (-) / loss (+) pension liabilities	**-2 680**	179	10 681	1 999	291	-5,592
Actuarial profit (-) / loss (+) pension assets			1 381	-4 634	-	1,568

7 Property, plant & equipment

	Land/leisure cabins/parking areas	Buildings/added cost for premises	Plant and machinery	Installations under construction	Total
Purchase cost as at 01/01	7,935	11,395	129,159	340	**148,829**
Additions – purchased assets	-	-	9,030	5,803	**14,833**
Additions by merger					**-**
Reclassification of assets	-	-	-	-	**-**
Purchase cost as at 31/12	7,935	11,395	138,189	6,143	**163,662**
Accumulated deprec. and write-downs 01/01	-	8,314	81,458	-	**89,772**
Depreciation for the year	-	458	8,747	-	**9,205**
Reclassification	-	-	-	-	**0**
Accum. depreciation as at 31/12	-	8,772	90,205	-	**98,977**
Book value as at 31/12	7,935	2,623	47,984	6,143	64,685
Economic lifetime		10–20 years	3–7 years	Depreciated from	
Depreciation plan		Linear	Linear	completion	
Annual rent for leased assets not capitalised		40,122	4,956		

Lease agreements relating to premises have remaining lease terms of between 1 and 13 years.

8 Intangible assets

	Research and development	Research and development - in progress	Goodwill	Total
Purchase cost as at 01/01	329,828	94,633	15,653	**440,114**
Additions – intangible assets	5,103	5,094	-	**10,197**
Purchase cost as at 31/12	334,931	99,727	15,653	450,311
Accumulated depreciations as at 01/01	283,077	-	15,653	**298,730**
Depreciation for the year	20,864	-	-	**20,864**
Reclassification	-	9,662		**9,662**
Accum. depreciation as at 31/12	303,941	9,662	15,653	329,256
Book value as at 31/12	30,990	90,065	-	121,055
Economic lifetime	3-5 years	Depreciated from	5 years	
Depreciation plan	Linear	completion	Linear	

A total of NOK 8 275 in research and development costs has been expensed in 2021. The corresponding amount for 2020 was NOK 10 035.

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9 Shares in subsidiaries

Subsidiaries	Registered address	Purchase date	Book value	Ownership interest	Voting %
MHWirth UK Ltd.	Aberdeen	1991	25,721	100%	100%
MHWirth Singapore Pte. Ltd.	Singapore	1991/2010/2018	-	100%	100%
MHWirth India Pvt. Ltd.	Mumbai, India	1998/2004	758	100%	100%
MHWirth GmbH	Erkelenz, Germany	2007/2009/2010	-	100%	100%
MHWirth FZE	Dubai	2008/2011	-	100%	100%
MHWirth Offshore Petroleum Engineering (Shanghai) Co. Ltd	China	2014/2021	20,895	100%	100%
MHWirth Canada Inc.	Canada	2014	599	100%	100%
MHWirth Pty Ltd.	Australia	2017	49,953	100%	100%
MHWirth do Brazil Equipamentos Ltda.	Brazil	2020	387,877	100%	100%
Frontica Engineering AS	Norway	2020	25,000	100%	100%
MHWirth HoldCo AS	Norway	2021	711,208	100%	100%
Hydril Pressure Control S de RL de CV	Mexico	2021	57,743	100%	100%
Baker Hughes Drilling Eng. Services India	India	2021	8,775	100%	100%
MHWirth Chile SpA	Chile	2021	8	100%	100%
Total investments in subsidiaries			1,288,537		

Subsidiaries	Equity acc. to 2021 accounts	Pre-tax profit or loss acc. to 2021 accounts
MHWirth UK Ltd.	23,658	-1,444
MHWirth Singapore Pte. Ltd.	10,335	25,006
MHWirth India Pvt. Ltd.	6,398	-2,428
MHWirth GmbH	187,323	-39,391
MHWirth FZE	100,378	16,152
MHWirth Offshore Petroleum Engineering (Shanghai) Co. Ltd	26,598	1,431
MHWirth Canada Inc.	7,034	-251
MHWirth Pty Ltd.	27,257	20,240
MHWirth do Brazil Equipamentos Ltda.	293,239	4,000
Frontica Engineering AS	1,583	-4,414
MHWirth HoldCo AS	711,230	-
Hydril Pressure Control S de RL de CV	145,896	-5,260
Baker Hughes Drilling Eng. Services India	12,338	6,212
MHWirth Chile SpA	-	-

The shares in MHWirth LLC and Step Oiltools BV were in 2021 impaired by respectively 150 000 and 186 447 and thereafter sold.
The shares in MHWirth GmbH has been moved to shares in MHWirth HoldCo AS in 2021 with the same value.

10 Investments in associated companies and other shares

Company	Registered address	Purchase date	Book value	Ownership interest	Voting %
MHWirth O&G, Abu Dhabi	Abu Dhabi	2014	-	50.0 %	50.0 %
Electrical Subsea & Drilling AS	Bergen	2017	4,652	20%	20%
Agder Research Holding AS	Kristiansand	2017	-	2.6 %	2.6 %
Future Well Control AS	Kristiansand	2019/2020	75	10%	10%
Total investments in other shares			4,727		

Associated companies	Equity acc. to 2020 accounts	Pre-tax profit or loss acc. to 2020 accounts	Accountig period presented
MHWirth O&G, Abu Dhabi	94,504	36,959	2020
Electrical Subsea & Drilling AS	24,937	-1,399	2020

11 Group account, security, guarantees, etc.

Cash and cash equivalents is in 2021 presented as Bank deposits, cash etc. as MHWirth per 31.12.2021 no longer is part of Akastor group cash pool system in DNB Bank ASA. In 2020 a deposit of NOK 22 350 was presented as Current group receivables.

Bank guarantees provided by banks and other financial institutions as a customer guarantee for contract execution, constitute NOK 227 714.

Bank guarantees have also been provided for unpaid employee taxes.

12 Financial risk

MHWirth AS carries out major construction contracts for customers. This includes both purchase and sales contracts in different currencies. A significant part of the company's foreign currency exposure concerning contracts are subject to hedging. The company enters into forward contracts directly with banks in order to buy or sell currency for future delivery. At year-end, the company had entered into contracts with banks for purchase and sale of foreign currency as stated below in order to hedge the currency exposure of ongoing contracts.

Currency	Net sales	Net purchases
USD	136,502	5,170
EUR	1,787	15,350
GBP	1,941	3,463

The total positive market value of the hedging instruments at year-end amounts to NOK 33 991.

As described above, MHWirth has hedged contract-related currency exposure. Consequently, fluctuations in foreign currency will have little impact on the short-term result. As contracts may apply for shorter periods than the underlying exposure, it is normal practice to renew forward contracts to cover future periods. When renewing forward contracts, it is normal to pay or receive an amount that corresponds to the movement in the spot exchange rate up to renewal (rolling effect). This represents a liquidity risk that remains unhedged. At year-end, the accumulated rolling effect was net payments of NOK 47 923, which are included in other current receivables in the balance sheet.

13 Group receivables and liabilities

Items in the balance sheet consist of:

	2021	2020
Long term group receivables	**653,869**	-
Total non-current group receivables	**653,869**	-

	2021	2020
Long term corporate debt	**424,039**	-
Total non-current liabillities	**424,039**	-

	2021	2020

14 Taxes

Income tax expense	2021	2020
Tax payable	**-4,013**	-1,381
Changes in deferred tax	**-42,591**	101,801
Tax on group contribution	**0**	-138,935
Withholding tax abroad	**-10,447**	-7,468
Tax on revenue / cost booked to equity	**589**	-1,408
Change in deferred tax from previous year	**0**	-6,885
Total income tax expense	**-56,462**	-54,276

Tax base calculation		
Ordinary pre-tax profit or loss	**48,510**	218,305
SkatteFUNN tax deduction scheme	**-194**	-4,195
Permanent differences	**22,660**	-56,939
Change in temporary differences	**-162,569**	570,649
Limitation of deduction for interest between close parties	**2,338**	-19,457
Change in tax loss carry forward	**0**	-21,270
Group contribution	**0**	-631,522
Taxable income	**-89,255**	55,571
Calculated tax (22%)	**0**	12,226
Applied credit deduction	**0**	-12,226
Paybable tax previous year	**4,822**	0
Tax payable	**4,822**	0

Temporary differences	2021	2020
Differences that have been assessed:		
Fixed assets	**-99,994**	-119,523
Current assets	**-140,869**	-255,567
Liabilities	**-102,108**	-130,937
Write-down of shares in NOKUS companies	**-9,014**	-9,014
Forward contracts	**47,923**	30,189
Pension liabilities	**-96,071**	-99,628
Credit carry forward/loss carry forward	**-89,255**	-98,815
Interest limitatation rule	**-222,674**	-222,365
Total	**-712,062**	-905,660
Deferred tax liability (asset)	**-156,654**	-199,245
Tax rate	**22%**	22%

The tax rate in Norway is 22 %. Deferred tax liability and deferred tax asset is calculated with a tax rate of 22 %.

15 Equity

	Share capital	Other reserves	Total
Equity as at 31/12/2020	**100,200**	**652,656**	**752,856**
Change in equity for the year:			
Capital increase	0	0	**0**
Premium		882,185	**882,185**
Deviations to estimates for the year in pension schemes		2,090	**2,090**
Retained earnings/loss		-7,952	**-7,952**

Equity as at 31/12/2021	**100,200**	**1,528,979**	**1,629,179**

The share capital consists of 100 200 004 shares with a nominal value of NOK 1 and is owned by MHH Holding B.V.

16 Transactions with close partners

The shares in MHWirth AS were in 2021 sold from Akastor AS to HMH Holding B.V. in Netherlands.
Purchases and sales between companies in the HMH Group have been carried out subject to the same terms as if they had taken place between independent parties based on OECD Guidelines for transfer pricing.
In total, MHWirth AS purchased goods and services from other HMH Group companies amounting to NOK 168 431 in 2021.
Correspondingly, MHWirth AS sold goods and services to other HMH Group companies amounting to NOK 174 955 in 2021.
Purhase and sale from/to Akastor entities is not shown seperately as MHWirth AS is not part of Akastor Group per 31.12.2021.

17 Project risk and uncertainties

MHWirth AS' large projects are mainly long-term contract deliveries at a fixed price which have been won through competitive tendering. Delays, quality non-conformance or an increase in project costs may result in costs that cannot be covered by the income from the project in question. The figures in the accounts have been based on the best estimate at the end of the accounting period. If a project has been identified as unprofitable, provisions are made for future losses. Circumstances and information may change in subsequent periods and therefore, the final outcome may be better or worse than the assessments made at the time of preparing the accounts suggested.
The importance of the company's policy, which states that payment terms should at least give a neutral cash flow in the projects, has been emphasised in the present market. At the same time, the company has challenges related to payment terms for contracts entered into in previous years.

18 Other financial items

Other financial income consists of:	**2021**	2020
MPO settlement	**32,114**	0
Agio related to MPO receivables and debt	**1,973**	16,598
Agio related to loan and bank deposit	**19,860**	36,132
Other interest income	**9,479**	314
Other financial income	**2,737**	4,139
Total other financial income	**66,163**	57,183
Other financial costs consist of:		
MPO impairment	**0**	46,595
Disagio related to MPO receivables and debt	**2,594**	7,678
Disagio related to loan and bank deposit	**17,089**	0
Other interest cost	**2,185**	3,687
Other financial costs	**12,485**	21,786
Total other financial costs	**34,353**	79,746

19 Share purchase scheme for employees

There was no share purchase programme for employees in 2021.

20 Provisions

	Guarantees	Restructuring	Provisions	Total
01/01/2021	46,061	19,004	0	**65,065**
Change for the year	-5,848	-4,981	0	**-10,829**
31/12/2021	**40,213**	**14,023**	**0**	54,236

Guarantees are mainly related to the possibility that MHWirth AS must do warranty work in accordance with agreements in connection with supplies of products or service to customers.

Restructuring is related to downsizing in connection with the global challenges in the rig market. The short term part includes wage costs of NOK 3 168. The long term part includes wage costs of NOK 6 600 and rental costs for premises of NOK 4 255, both included under other provisions for liabilities.

21 Covid-19 impacts and market outlook

MHWirth AS operate mainly in the oilfield services industry. During 2021, this industry was heavily affected by the COVID-19 virus, declared as a global pandemic by World Health Organization. This virus caused significant disruption to the global economy through reduced industrial activity, extensive travel restrictions and mandatory quarantines. The oil and gas market was strongly affected by negative demand development following lower global activity as well as turmoil on the supply side. This added additional pressure on the global economy, with direct effects on the investment level of oil companies and following consequences for the oilfield services industry. These events have especially affected the capital equipment segment of MHWirth through a lower demand for single equipment as well as a muted rig newbuilding market.
In 2022, MHWirth AS will continue to focus strongly on minimizing the spread of the virus and mitigate substantial disruptions to operations throughout the portfolio. MHWirth management is cautiously optimistic that market situation will improve through 2022. which in turn should lead to increased global activity and thus increased demand for products and services offered.

22 Events since the balance sheet date

It is expected that both the COVID-19 virus and the current Ukraine conflict will have negative impact on the global economy and the operational activities in MHWirth AS in 2022. The financial impact as a result of this remains uncertain as it still is difficult to predict the duration of the virus outbreak and the Ukraine conflict and the long-term impact on the financial markets and the industrial activity level. From an accounting perspective, these factors could impact future assessments of recoverable amounts of MHWirth's assets if the current volatility results in a negative long-term market outlook.

The subsidiary Frontica Engineering AS has been sold in June 2022. In august 2022, MHWirth AS increased the shareholding in ESD AS from 20% to 100%.

Kristiansand, 13 September 2022

List of Signatures

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MHWirth AS - Aarsberetning 2021 ver 13092022_for signature.pdf

Name	Method	Signed at
Sjølund, Stian	BANKID_MOBILE	2022-09-16 10:38 GMT+02
Arne Albrektsen	BANKID_MOBILE	2022-09-16 10:30 GMT+02
Halvorsen, Asle Christian	BANKID	2022-09-15 14:55 GMT+02
Stenevik, Dag Arthur	BANKID	2022-09-15 13:10 GMT+02
Bergsvik, Eirik	BANKID_MOBILE	2022-09-15 10:34 GMT+02
Skogerbø, Pål	BANKID	2022-09-16 10:51 GMT+02

ANNUAL REPORT 2021

MHWirth AS

The business

MHWirth AS is a provider of drilling products, complete drilling solutions, digital technology solutions, project implementation and life cycle services to the international offshore and onshore market.

In 2021 100% of the shares in MHWirth AS were sold from Akastor AS to a new company HMH Holding B.V. in Netherlands. HMH Holding B.V. is owned 50% by Baker Hughes Holdings LLC, 25% by Akastor AS and 25% by Mercury HoldCo Inc. Akastor ASA fully owns Akastor AS and Mercury HoldCo Inc.

In 2021 the global organisation has been operating in Norway, Germany, the United States, the United Kingdom, Singapore, China, India, the United Arab Emirates, Australia, Brazil, Azerbaijan and Canada.

The headquarter is located in Kristiansand, and the company also has significant activities in Oslo, Horten, Lyngdal and Stavanger. MHWirth AS is organised based on business types as life cycle services, project deliveries, equipment deliveries and engineering services.

MHWirth does not compile consolidated accounts, as the sub-group is covered by the consolidated accounts of HMH Holding, hence the turnover and the profits from MHWirth AS' subsidiaries are not included or discussed in the financial statements for MHWirth AS.

In 2021, MHWirth AS experienced challenges in the activity in most business streams due to the challenging market for companies that operate as suppliers to the oil and gas industry globally. One contract was signed for delivery of complete drilling packages in 2021. The principal activity for projects in 2021 consisted of work on drilling rigs and drillships constructed at Keppel FELS Shipyard in Singapore.

MHWirth's complete drilling packages has been installed on 71 rigs worldwide.

In 2021 MHWirth AS has drawn Directors and Officers Liability and Company Reimbursement Insurance. The insurance is drawn through HMH Holding B.V. and has a solid rating. Within the limit, any claim against such persons will be covered.

HSSE & ESG

Health, Safety, Security and Environment (HSSE) and Environment, Social and Governance (ESG) are core values at MHWirth AS. Leadership and employees recognize and take their HSSE and ESG responsibilities seriously and have demonstrated positive attitudes towards HSSE and ESG matters throughout 2021. MHWirth employees work under challenging conditions worldwide, and the company therefore has a strong focus on recognizing and mitigating risk in all activities and operations globally. Additionally, throughout 2021 the Coronavirus pandemic continued to present challenges to our employees and business. To continue to reduce risk and maintain our operations in 2021, a Covid-19 Pandemic page was created on the intranet to provide centralized, accurate and up-to-date information (e.g., global instructions, minimum requirements, travel advisories, advice) to employees at all MHWirth locations.

At MHWirth all employees are equally responsible and accountable for caring for the environment, safety and well-being of ourselves and others. HSSE forms an integral part of all operations through the HSSE management system, guidelines, procedures, skills, and business culture, and represents a core value and commitment to our customers, employees, business partners, and communities in which we operate.

MHWirth follows a zero-incident philosophy which is supported by the management group and board of directors and is implemented through ongoing and practical activities (e.g., through HSSE Must Win Battles) focused on MHWirth operations. Supporting activities include but are not limited to:

- Ensuring that HSSE regulations and procedures are known and followed
- Ensuring consistent reporting of all relevant HSSE incidents (this includes injuries, loss, near misses, risk observations and improvement proposals), as well as sharing experiences using the Lessons Learned system and HSSE Networks in the organization
- Providing clear communication to prevent accidents caused by cultural or language-based misunderstandings
- Focusing on safety for travelling personnel, particularly in high-risk areas
- Ensuring that everyone is familiar with and uses our tools to minimize risk
- Aligning and improving emergency, preparedness, and response plans
- Increasing and maintaining HSSE awareness throughout the organization to prevent future injury or loss by updating, improving, and rolling out our HSSE course portfolio/training
- Increasing the HSSE awareness at MHWirth sites (yards)
- Ensuring that Climate and Environment risks are identified and addressed
- Rolling out HSSE campaigns based on trends

Health & Safety
MHWirth's HSSE program involves systematic safety work, personal quality, attitudes, and behavior. The company's working environment committee (AMU) held regular meetings during 2021. This is a forum for presenting working environment issues, sharing HSSE status and ensuring that the company focuses on HSSE. Based

on internal feedback, the working environment is currently viewed as good, and ongoing improvement measures are being implemented. Additionally, MHWirth's 2021 collaboration with employees' organizations has been constructive and resulted in positive contributions to our operations.

There were no incidents in 2021 in which MHWirth employees were seriously injured. A total of 8 Recordable Injuries were registered in 2021, resulting in a Total Recordable Injury Frequency (TRIF)* factor of 3,1 for 2021, compared with 2,2 in 2020. There was a slight increase in Medical Treatment cases which resulted in an increased TRIF. Most of the HSSE cases originated in a workshop or related area, with the most used case categories being working environment, PPE, tools and equipment, housekeeping, slip/trip/fall, and lifting operations. In 2021, more than 27 lessons learned reports and almost 200 HSSE moments were released and shared throughout the organization. Additionally, incident trending output has been given as input for 2022 HSSE Process Review and HSSE Must Win Battles.

**Number of Total Recordable Injuries (TRIs) per million worked hours. These numbers are representative of the MHWirth part of the company.*

Additionally, the HSSE team conducted several other campaigns and initiatives throughout the year, e.g. First Aid training sessions, Lifting & Hoisting Safety campaign and several internal events to mark international HSSE-related "World Days," as also indicated in the MHWirth 2021 HSSE Annual Cycle.

Security

MHWirth's HSSE Policy covers security and states that we are "safeguarding personnel, technology, and assets throughout all our operations." Manage Security is a sub-process of the Manage HSSE processes in which relevant procedures, tools and documents are housed in our Operating System. In 2021 MHWirth established a Security forum to increase security awareness and ensure alignment regarding incident follow-up, actions, and tasks. Additionally, MHWirth conducted an annual Process Review and established and maintains a Security Risk Assessment.

Environment, Social and Governance (ESG) & Sustainability

MHWirth is committed to continually reducing its impact on the environment. The company designs products and services which reduce undesirable environmental effects and ensure the safe and efficient utilization of energy and natural resources. MHWirth's operations are carried out with efficient use of materials and energy, and with a focus on minimizing waste and damage to the environment. The company strives to ensure that products can be recycled or safely disposed of.
In 2021 MHWirth implemented its Sustainability and ESG Governing Policy and ESG Strategy. The strategy covers in part establishing and tracking relevant environmental KPIs, strengthening measurements locally and globally within the company, enhancing and improving ESG reporting, and maintaining our management systems in accordance with the certifications. MHWirth's Sustainability and ESG Governing Policy defines the company's commitment to the United Nations' Sustainable Development Goals (SDGs). While MHWirth recognizes and respects all 17 SDGs, we have identified and chosen to focus on 5 SDGs we can have a

meaningful impact on:

- Goal 5: Gender Equality
- Goal 8: Decent Work and Economic Growth
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 16: Peace, Justice and Strong Institutions

In 2021 MHWirth accomplished its objective of obtaining and implementing both ISO 14001 (Environmental Management Systems) and ISO 45001 (Occupational Health and Safety Management Systems) certification. The company is now focused on maintaining the certifications through continuous improvement of our supporting HSSE processes and procedures, consultation with our employees, compliance with local HSSE legislations, annual Process Review, and internal and external audits. These certifications assist us in meeting our ESG strategy and commitments.
As part of its commitment to reduce our customer's environmental footprints, MHWirth has developed several solutions designed to reduce fuel consumption and emissions on offshore drilling rigs. These includes software designed to monitor, control, and reduce power consumption, as well as physical equipment utilizing hybrid technology and energy storage systems to reduce fuel usage. Additionally, MHWirth provides software and smart technology solutions that increase efficiency, performance, and HSSE by requiring less personnel onboard.
MHWirth has identified several potential business opportunities as part of addressing environmental and climate challenges. We look for "green" business opportunities that align well with MHWirth's existing competence and capabilities. As part of this work, we have identified specific opportunities and developed concepts related to power cable installation and anchor handling within the offshore wind industry, as well as an offshore wind management software suite.

MHWirth has also identified several business opportunities in the growing subsea mineral mining industry which are in part based on knowledge we gained through delivery of equipment and systems to subsea diamond mining vessels. Global demand for minerals such as nickel has risen dramatically due to use in electric vehicle (EV) batteries and other components supporting the green shift. Industry experts have therefore predicted that subsea mineral mining will be necessary to meet the demand for these minerals and enable to transition from fossil fuels to renewable energy.

Sick leave for MHWirth AS has an increase from 3.9% in 2020 to 4.9% in 2021 and this is related to long term sick leave.

The company has a strong focus on preventing absence due to illness and has ongoing measures in place for this in collaboration with the HR department, occupational health service, the Norwegian Labor and Welfare Administration (NAV) and the employees' representatives. The company is a member of the Inclusive Workplace scheme.

The percentage of women in the company is 18 %, same as in 2020. MHWirth has implemented a Diversity guideline with specific long-term goals. The aim is to ensure more diversity and inclusion in the Company, both with regards to sex, age and ethnical background. We have focus on diversity during our recruitment processes.

Union representatives, MHWirth top management HR and employees will be involved in the work to identify risks for discrimination and to ensure equality.
HR and union representatives are currently mapping all procedures and tools. Also, physical conditions will be included in this mapping to ensure equal possibilities for disabled employees. The mapping will be completed during Q2 2021 and will form basis for an MHWirth action plan.
HR will have the main responsibility to ensure planned actions are followed through, and HR will regularly report status of this work to a steering group where employee representatives and management will be present.

Given the Corona virus outbreak and the COVID-19 situation, MHWirth has implemented extensive measures to secure business continuity and prepare action plans and IT solutions for the business across all entities in order to secure future business as well as to safeguard the health and safety of MHWirth employees and contractors. Examples of such measures are travel restrictions and home office opportunities.

Ethics

Ethics are an important part of the company's values, and MHWirth has a zero tolerance of corruption and other forms of irregularities or legal violations. The mandatory company training programmes ensure sufficient training of all employees. MHWirth uses a risk-based approach for the training. We conduct our courses relating to ethics and particularly complex regulatory areas. We ensure that all employees know what is expected of them, and at the same time we ensure that employees who are exposed to special regulatory risks receive relevant and adequate training. MHWirth has established a notification channel and encourages its employees to use this channel when it is difficult to notify through the usual channels or HR.

Future development

Continuous product development is under way within most product areas. Special comments should be made of a programme of continuous standardisation, cost reduction and improvement of the company's product range.

A number of development projects were initiated and further developed in 2021 to meet market demands for increased drilling efficiency, lower operating costs for drilling rigs, reduced pollution of the external environment and improved safety. Examples of this type of development project are drilling automation and condition-based maintenance. One of the company's aims is to continue with this type of development project in the years ahead in close cooperation with the company's customers.

The market utilization in 2021 has been 69% for floater rigs and 73% for jackup rigs. The number of active rigs with MHWirth's complete drilling package was stable at 48 rigs in Q3 and 49 in Q4 2021. The total order intake for 2021 was BNOK 0.9. There were cancellations of orders in the year of BNOK 0.8. The order backlog was BNOK 1.1 at year-end 2021, reduced from 1.6 at year-end 2020.

The oil and gas related industry has experienced a very demanding market in recent years. In 2021, the conditions have improved with increasing oil prices and higher demand for somewhat, with a slightly higher oil price and increased willingness to invest among key players in the market. The global fleet of offshore drilling rigs is still struggling with excessive capacity, but the situation has improved for rigs operating in geographies with a harsh environment.

A key element of MHWirth's risk management in 2022 will be to continue to monitor the development of the COVID-19 outbreak and continuously seek to implement necessary mitigating measures. This may lead to further cost adjustments and changes in the valuation of the MHWirth's assets and liabilities (which could include further restructuring costs, onerous leases, impairments etc. and increased credit risk impacting the valuation of trade and interest-bearing receivables).

Even though MHWirth AS managed the COVID-19 situation during 2021 well, it still remains uncertain when the situation will normalize. Restrictions with regard to operations and travel will most likely continue in 2022 in some regions.

The current economic situation as a consequence of the Ukraine conflict is monitored closely and so far MHWirth AS has not experienced any material financial effects of this conflict.

Results, investments, financing and liquidity for MHWirth AS

The annual accounts for MHWirth AS differ from the financial key figures presented for the HMH Group. This is due to the annual accounts for MHWirth AS do not represent the consolidated accounts for the HMH Group. MHWirth AS also presents its annual accounts in accordance with Norwegian accounting standards, while HMH Group uses IFRS.

Due to regional variances and project timing, the company's turnover decreased from MNOK 2,226 in 2020 to MNOK 1,762 in 2021.

The 2021 accounts show an operating profit after depreciation (EBIT) of MNOK 77, compared with MNOK 117 in 2020. Pre-tax profit for 2021 amounts to MNOK 49, compared with MNOK 218 in 2020.

The company has received dividends from subsidiaries totalling MNOK 284.

At year-end, the net book value of stock amounted to MNOK 65, compared with MNOK 90 a year earlier. The stock obsolescence provision decreased by MNOK 31 in 2021. Fixed asset and capitalised research and development investments amounted to MNOK 10 in 2021. A total of MNOK 8 was expensed in development costs during 2021.

As at 31 December 2021, the company's liquid reserves amounted to MNOK 102, compared with MNOK 22 as at 31/12/2020.

As at 31/12/2021, the company has interest-bearing debt to group undertakings of NOK 424, compared with MNOK 0 at 31/12/2020.

At the year-end, total assets amounted to MNOK 2,803, compared with MNOK 2,456 in 2020. Finally, as at 31 December 2021, equity ratio is 58 %, compared with 31 % at year-end 2020.

In 2021, cash flow from operations was positive of MNOK 353. The corresponding figures for 2020 showed a positive cash flow of MNOK 152. The cash flow from investment activities for 2021 was negative of MNOK 711. The corresponding figures for 2020 showed a negative cash flow of MNOK 86. The cash flow from financing activities for 2021 was positive of NOK 439. The corresponding figures for 2020 showed a negative cash flow of NOK 465.

The company's position and the results of the business

In the opinion of the Board of Directors, the annual accounts that are presented for the 2021 financial year present a true and accurate picture of assets and liabilities, financial position and result. As at 31/12/2021, there were 693 employees in MHWirth AS, the corresponding number was 727 as at 31/12/2020.

Other than what is referred to in the annual accounts, the Board of Directors is unaware of other circumstances concerning market conditions and price trends that would impact on an assessment of the company's financial position other than what is referred to concerning the Corona virus under the "future development" comments above.

Financial risk

General remarks concerning objectives and strategy

The company is exposed to financial risk in a number of areas, particularly currency risk. The aim is to dampen financial risk as much as possible through use of financial instruments.

Market risk

The company's competitiveness is sensitive to fluctuations in exchange rates, particularly the US dollar (USD). A significant proportion of the company's income from contracts is in USD, while a substantial proportion of the company's purchases is in Euro and Norwegian kroner. However, the company has entered into forward contracts in order to reduce the company's currency risk and thereby the market risk linked to operations. Please see comments related to the Corona virus under "Future development" above.

Credit risk and liquidity risk

The risk of a counterparty not having the financial capacity to fulfil its obligations is considered to be moderate, as losses on receivables have historically been low. The situation in the global economy and the industry indicate that this risk is expected to be more present now and in the years ahead. In its contracts, the company has secured prepayments and milestone payments, while the company is finding it challenging to have these fulfilled and is working actively to secure payments. The company considers the liquidity within the company to be satisfactory.

Going concern

In 2022, MHWirth AS will continue to focus strongly on minimizing the spread of the virus and mitigate substantial disruptions to operations throughout the portfolio. MHWirth management is cautiously optimistic that market situation will improve through 2022. Still, it is expected that the COVID-19 virus and the current Ukraine conflict will have negative impact on the global economy and the operational activities in MHWirth AS also in 2022. The financial impact as a result of this remains uncertain as it still is difficult to predict the duration of the virus outbreak and the Ukraine conflict and the long-term impact on the financial markets and the industrial activity level. From an accounting perspective, these factors could impact future assessments of recoverable amounts of MHWirth's assets if the current volatility results in a negative long-term market outlook.

In accordance with the Norwegian Accounting Act, the board of directors confirms that the going concern assumption, on which the consolidated financial statements have been prepared, is appropriate.

Financial results for the year and allocations

Based on the company's capital structure, the Board of Directors recommends that the ordinary profit for the year of MNOK - 8,0 be allocated as follows:

From other reserves	MNOK - 8,0

Re-issue of the Annual Accounts 2021

The Board of Directors and the CEO originally approved the Annual Accounts 2021 for issue on 24 June 2022. Subsequently, some errors were detected and the company decided to correct these and re-issue the Annual Accounts 2021. The cash flow statement has been revised to reflect actual cash flow transactions. The comparative figures for 2020 are changed accordingly. Note 9: Shares in MHW LLC and Step Oiltools BV were disposed of in 2021, and are thus removed from the tables showing ownership of subsidiaries at 31 December 2021. Note 12: The note disclosure for the market value of hedging instruments at year end 31 December 2021 have been corrected.

These re-issued Annual Accounts 2021 were approved by the Board of Directors and the CEO on 13 September 2022.

Kristiansand, 13 September 2022

Merrill A. Miller Chairman of the Board	Eirik Bergsvik CEO	Pål Skogerbø Board Member
Dag Arthur Stenevik Board Member	Stian Sjølund Board Member	Arne Albrekstsen Board Member
Asle Christian Halvorsen Board Member		

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To the General Meeting of MHWirth AS

Independent Auditor's Report

Opinion

We have audited the financial statements of MHWirth AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The management have re-issued the financial statements for the financial year ended 31 December 2021 due to changes explained in note 0 to the financial statements. This auditor's report therefore replaces our previous auditor's as of 28 June 2021, issued to the financial statements signed at 27 June 2021.

Kristiansand, 16. September 2022
KPMG AS

Øystein A. Kvåse
State Authorised Public Accountant
(This document is signed electronically)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Øystein Andreas Kvåse
Partner
På vegne av: KPMG AS
Serienummer: 9578-5993-4-3700717
IP: 46.15.xxx.xxx
2022-09-16 16:15:56 UTC

bank ID

Copy of MHWirth AS Annual Accounts 2020 ver 23032021_sign.pdf

Signers:

Name	*Method*	*Date*
PAASKE, ØYVIND	BANKID_MOBILE	2021-04-06 09:16 GMT+2
Sigmundstad, Tommy	BANKID	2021-04-06 09:17 GMT+2
Drange, Susanna	BANKID_MOBILE	2021-04-06 09:22 GMT+2
Sjølund, Stian	BANKID_MOBILE	2021-04-06 09:23 GMT+2
Borge, Leif Hejø	BANKID_MOBILE	2021-04-06 09:24 GMT+2
Halvorsen, Asle Christian	BANKID	2021-04-06 09:33 GMT+2
Kjelstad, Karl Erik	BANKID	2021-04-06 10:07 GMT+2
Bergsvik, Eirik	BANKID_MOBILE	2021-04-06 10:46 GMT+2
Sjøberg, Geir Atle	BANKID	2021-04-06 12:03 GMT+2

MHWirth AS

Annual Accounts 2020

(Amounts in NOK 1 000)

MHWirth AS

Annual Accounts 2020

(Amounts in NOK 1 000)

Profit and loss statement

	Note	01/01–31/12 2020	2019
Sales revenues	2,3	**2 226 120**	**2 810 983**
Total revenues		**2 226 120**	**2 810 983**
Project expenses	3	**1 015 677**	**1 386 821**
Payroll expenses	5,6	**746 706**	**853 188**
Depreciation on tangible and intangible assets	7,8	**35 339**	**31 827**
Other operating expenses	5,7,8	**311 499**	**347 064**
Net operating income		**116 899**	**192 083**
Dividend from subsidiaries and associated companies	9	**126 297**	**60 379**
Other financial income	18	**57 183**	**95 130**
Write-down of fixed asset investments	9	**-30**	**-77 307**
Interest costs to group companies		**-2 298**	**-16 063**
Other financial expenses	18	**-79 746**	**-25 291**
Net profit before tax		**218 305**	**228 931**
Tax expenses	14	**-54 275**	**-35 149**
Net profit		**164 030**	**193 782**
Attributable to			
Dividend		**-1 439 088**	**0**
Group contribution allocated	15	**-492 587**	**-441 568**
Retained earnings	15	**1 767 645**	**247 786**
Total allocated		**-164 030**	**-193 782**

MHWirth AS
Annual Accounts 2020
(Amounts in NOK 1 000)

Balance sheet

	Note	31/12/2020	31/12/2019
Assets			
Fixed assets			
Intangible assets			
Research and development	8	141 384	131 441
Total intangible assets		141 384	131 441
Property, plant & equipment			
Land, buildings and other property	7	11 016	11 474
Machinery and equipment	7	48 041	49 046
Total property, plant & equipment		59 057	60 520
Deferred tax benefits			
Deferred tax	14	199 245	92 364
Long term financial assets			
Investments in subsidiaries	9	1 542 013	1 908 854
Investments in other shares	10	4 728	4 652
Other long term receivables	12,18	25 611	62 120
Total long term financial assets		1 572 352	1 975 626
Total fixed assets		1 972 038	2 259 951
Current assets			
Inventory	4	90 334	131 307
Receivables			
Accounts receivables		146 803	706 014
Current group receivables	13	63 843	499 004
Other short term receivables	3,12	183 233	927 957
Total receivables		393 879	2 132 975
Bank deposits, cash, etc.	11	0	0
Total current assets		484 213	2 264 282
Total assets		2 456 251	4 524 233

MHWirth AS

Annual Accounts 2020

(Amounts in NOK 1 000)

Balance sheet

	Note	31/12/2020	31/12/2019
Equity and liabilities			
Equity			
Paid-in capital			
Share capital	15	100 200	100 200
Other paid-in capital	15	1 590 332	1 285 766
Total paid-in capital		1 690 532	1 385 966
Retained earnings			
Reserves	15	-937 676	836 546
Total retained earnings		-937 676	836 546
Total equity		752 856	2 222 512
Liabilities			
Provisions			
Pension obligations	6	99 628	109 947
Other non-current liabilities	20	6 800	10 900
Total provisions		106 428	120 847
Other long term liabilities			
Long term corporate debt		0	300 000
Other long term liabilities		2 888	6 311
Total other long term liabilities		2 888	306 311
Current liabilities			
Trade creditors		101 957	188 435
Tax payable	14	76	0
Duties payable		49 536	67 226
Current group liabilities	13	851 244	146 505
Other current liabilities	3,12,20	591 266	1 472 397
Total current liabilities		1 594 079	1 874 563
Total liabilities		1 703 395	2 301 721
Total equity and liabilities		2 456 251	4 524 233

Kristiansand, 26 March 2021

Merill A. Miller
Chairman of the Board

Eirik Bergsvik
CEO

Leif Hejø Borge
Board Member

Susanna Drange
Board Member

Stian Sjølund
Board Member

Karl Erik Kjelstad
Board Member

Geir Atle Sjøberg
Board Member

Øyvind Paaske
Board Member

Arne Tommy Sigmundstad
Board Member

Asle Christian Halvorsen
Board Member

MHWirth AS
Annual Accounts 2020
(Amounts in NOK 1 000)

Cash flow statement

	Note	01/01–31/12 2020	2019
Cash flow from operations			
Net profit before tax		218 305	228 931
Tax paid in the period		0	0
Loss/(profit) from the sale of shares in subsidiaries		0	0
Ordinary depreciations	7,8	35 339	31 827
Write-down of tangible and intangible assets		0	0
Write-down of shares	9	30	77 307
Change in inventories	4	40 973	29 900
Change in production completed, but not invoiced	3	272 432	-119 018
Change in trade debtors		559 211	103 387
Change in trade creditors		-86 478	84 387
Change in current receivables and debt to group companies	13	1 449 463	313 998
Change in other accrual items		-2 289 457	-510 975
Net cash flow from operations		199 818	239 744
Cash flow from investment activities			
Payments for the acquisition of tangible assets and capitalised research and development	7,8	-43 819	-108 347
Payment received from reduction of share capital in subsidiaries	18	43 240	0
Payments for purchase of shares in subsidiaries	9	-599 324	-112 307
Net cash flow from investment activities		-599 903	-220 654
Cash flow from financing activities			
Payments from capital increase	15	304 566	287 679
Change in corporate debt		-303 423	-1 437
Net cash flow from financing activities		1 143	286 242
Net change in cash and cash equivalents		-398 942	305 332
Cash and cash equivalents as at 01/01		421 292	115 960
Cash and cash equivalents as at 31/12	11,13	22 350	421 292

The funds placed in group cash pool has been classified as Current group receivables in the Balance sheet, but as Cash in the Cash flow statement.

MHWirth AS

Annual Accounts 2020
(Amounts in NOK 1 000)

1 Accounting principles

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes and have been presented in accordance with the Accounting Act, the Limited Liability Companies Act and generally accepted accounting principles in Norway as at 31 December 2020. The annual accounts give a true view of assets and liabilities, financial position and profit and loss.

Income recognition

Income is recognised in the profit and loss account when it has been earned. For the sale of goods and services, income is usually recognised in the profit and loss account on the delivery date.
For construction contracts, the Percentage of completion method is used, ref. Construction contracts below.

Charging against income/grouping

Expenses are booked against income at the same time as the income to which the expenses can be referred. Expenses that cannot be referred directly to income, are booked as costs when they occur.

Principal rule for assessment and classification of assets and liabilities

Assets intended for permanent ownership or use have been classified as fixed assets. Other assets have been classified as current assets. Receivables to be repaid within a year are always classified as current assets. Analogous criteria are used for classification of liabilities.

Fixed assets are valued at purchase cost, but written down to fair value when the recoverable amount is lower than the book value. Fixed assets with a limited economic lifetime are depreciated according to plan. Non-current liabilities are presented in the balance sheet at the nominal value on the establishment date.

Current assets are valued at the lower of the purchase cost and the fair value. Current liabilities are presented in the balance sheet at the nominal value on the establishment date.

Certain items are subject to a special assessment in accordance with the Norwegian Accounting Act. These items are described below and elsewhere in the notes.

Currency

Transactions in foreign currency are usually converted using the exchange rate on the transaction date. Monetary items in foreign currency are converted at the exchange rate on the balance sheet date.

Currency hedging

The company has a policy to hedge all significant transactions in foreign currency using forward contracts. Hedge accounting is carried out in accordance with NRS 18 (F) Financial assets and liabilities alternative 2. Changes in value of the hedging instrument are therefore not reflected in the accounts until the instrument has been realised. Receivables and liabilities (including accruals associated with projects in progress) which have been hedged using forward exchange contracts are valued at the hedging rate.

Intangible assets

Intangible assets expected to give future income, such as goodwill, development costs and patents, are presented in the balance sheet. Depreciation is calculated on a straight-line basis over the remaining economic lifetime.

Research and development

Research expenses are expensed when they occur. Development costs are recognised in the balance sheet insofar as they form part of the acquisition cost for a known identifiable asset that is to be recognised in the balance sheet and a future benefit associated with the development of an identifiable intangible asset. Conversely, such expenses are expensed on an ongoing basis. Recognised research and development are depreciated on a straight line basis over economic lifetime.

Tangible assets

Tangible assets are depreciated on a straight-line basis over the anticipated economic lifetime.
Normal maintenance is expensed as it arises. Improvement costs are presented in the balance sheet as part of the cost price and are depreciated over the remaining economic lifetime of the asset.

Write-downs

In the event of indications of impairment associated with tangible and intangible assets, the company estimates the recoverable amount and tests this against the book value. The recoverable amount is the net sales value or the utility value, whichever is greater. The utility value is calculated as a discounted future cash flow based on the company's continued use of the asset/assessment unit. Fixed assets are written down to the recoverable amount in cases where the recoverable amount is less than the book value. The write-down is reversed insofar as the basis for the write-down is no longer present.

Leasing / lease agreements

Lease agreements are classified as financial or operational according to the actual content of the agreement at the time of signing the contract.

The company has long-term lease agreements for office premises and operation buildings. Rental amounts are expensed on an ongoing basis.

Shares in subsidiaries and associated companies

Investments in subsidiaries are valued according to the cost method. The investments will be written down to fair value if the depreciation in value is not transitory. The same applies to investments in associated companies. Dividend received and other payments from the companies are recognised in the income statement as financial income. If the dividend exceeds MHWirth AS' share of retained profit after acquisition, the excess represents repayment of invested capital and is dealt with as reduced acquisition cost for the investment.

Group accounts

All of the company's shares are owned by Akastor AS, which forms part of the Akastor ASA group. This company prepares and publishes its consolidated accounts, which include MHWirth AS with all subsidiaries and associated companies. Pursuant to the exception provisions in Section 3-7 of the Accounting Act and associated regulations, the company has opted not to prepare sub-consolidated accounts. Group accounts may be obtained from Akastor's head office: Oksenøyv. 10, 1366 Lysaker. Tel. + 47 21 52 58 00.

Other long-term shareholdings

Other long-term shareholdings in which MHWirth AS does not have a significant interest are recognised in the balance sheet at acquisition cost. The investments are written down to fair value if the impairment is not transitory. Dividend received and other payments from the companies are recognised in the income statement as other financial income. If the dividend exceeds MHWirth AS' share of retained profit after acquisition, the excess represents repayment of invested capital and is dealt with as reduced acquisition cost for the investment.

Inventories
Inventories are recognised at the average acquisition cost or net sales value, whichever is lower. The net sales value for raw materials and work in progress is calculated as the net sales value of the finished products less the remaining production and sales costs.

Construction contracts
Work in progress related to fixed price contracts with a long production period is valued according to the Percentage of completion method. The percentage of completion is calculated according to the actual progress per project. Project costs include direct salary costs and materials, purchased goods and services from sub-contractors and attributable overhead costs.

General administrative costs are not included as project costs. The total costs are re-estimated on an ongoing basis.

The effect of changes to estimates of project profit will be recognised in the accounting period in which the revised estimate is made. If a project is expected to result in a loss, the full amount of the loss is recognised, regardless of the project's progress.

Receivables
Accounts receivable and other receivables are presented in the accounts at the nominal value less loss provisions. Loss provisions are made on the basis of an individual assessment of each receivable. In addition, a general loss provision is made for other trade debtors to cover anticipated loss.

Pensions
Defined contribution pension plans:
Obligations to provide contributions to defined contribution schemes are embedded as expenses in the profit and loss accounts when they occur.

Defined benefit-based pension schemes:
Net liability associated with defined benefit-based pension schemes is calculated separately for each scheme by estimating the size of future benefits that employee has earned through his or her work in the present and previous periods. These future benefits are discounted to calculate current value, and the fair value of pension reserves are subtracted to find the net liability. Discount interest amounts to the interest on government bonds/bonds with high creditworthiness on balance sheet day with a maturity equal to the group's liabilities. Calculations are done by an accredited actuary and are based on a straight-line contribution model.

When the benefits of a scheme improve, the portion of the benefits' increase that the employees have established rights to are embedded as expenses in the profit and loss accounts on a straight-line basis across the average time period up to the time the employees reached the unconditional right to the increased benefits. These costs are embedded immediately in the profit and loss accounts if the employees receive unconditional rights to the added benefits at the time the benefits are granted.

The company uses the opportunities inherent in NRS 6 to apply IAS 19 for recognising pensions in the accounts. Actuarial profits and losses when calculating the company's liabilities are recognised directly in other reserves / deferred tax.

Taxes
Taxes are charged against income as they arise, i.e. the tax cost is linked to the accounting pre-tax profit or loss. Tax related to shareholders' equity transactions, such as group contributions, is charged against equity.

The tax cost consists of tax payable (tax on the year's taxable income) and changes in net deferred tax.

The tax cost in the income statement includes the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the applicable tax rate based on temporary differences that exist between accounting and tax values, as well as any tax-related forwardable loss at the end of the fiscal year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are balanced. Recognition of deferred tax assets on net tax-reducing differences that have not been balanced and forwardable loss, is justified by assumed future earnings. Deferred tax and tax assets that can be capitalised are recognised net in the balance sheet.

Guarantees
Provisions for guarantee liability are calculated according to an assessment of actual and estimated guarantee costs on sold products.

Use of estimates
The preparation of the annual accounts in accordance with generally accepted accounting principles assumes that the management uses estimates and assumptions that affect the profit and loss accounts and the valuation of assets and liabilities, in addition to information regarding unsecured assets and liabilities on the balance sheet date. Contingent losses that are likely and quantifiable are expensed on an ongoing basis.

Cash flow statement
The funds placed in group cash pool has been classified as Current group receivables in the Balance sheet, but as Cash in the Cash flow statement.
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other current liquid investments that immediately and with insignificant exchange risk can be converted into known cash amounts.

Presentation of figures
All amounts in the following tables are given in NOK 1 000.

2 Sales revenues

Per business area	2020	2019
Project deliveries	**867 364**	1 069 123
Equipment deliveries	**98 203**	273 402
Digital technology	**75 919**	189 605
Life cycle services	**1 121 434**	1 193 195
Other	**63 200**	85 658
Total	**2 226 120**	2 810 983

Geographical distribution	2020	2019
Norway	**442 666**	846 751
Other European countries	**251 201**	379 797
Total Europe:	**693 867**	1 226 548
Asia	**1 208 740**	1 131 686
America	**315 756**	439 738
Africa	**6 212**	11 894
Oceania	**1 545**	1 117
Total other continents:	**1 532 253**	1 584 435
Total	**2 226 120**	2 810 983

The division is based on the direct customer's geographical location.

3 Construction contracts as at 31/12

	2020	2019
Carried to income from current projects	**1 648 684**	3 268 375
Direct costs associated with accrued income/loss provisions	**1 392 248**	2 813 026
Net ongoing projects	**256 436**	455 349
Completed, not invoiced production (included in other short term receivables)	**408 334**	680 766
Advances from clients regarding projects (included in other current liabilities)	**254 653**	371 963

The provision includes an onerous customer contract with expected losses upon completion. The loss in the said onerous contract is estimated based on risk estimates from project management as well as executive management. The project is close to be finalized.

4 Inventories

	2020	2019
Raw materials and finished products	**525 005**	552 928
Obsolescence provision	**(434 671)**	(421 621)
Total	**90 334**	131 307

5 Payroll expenses, no. of employees, remuneration, loans to employees, etc.

Payroll expenses	**2020**	2019
Wages	**591 007**	680 279
Social security cost	**92 122**	100 147
Pension costs	**51 344**	52 270
Other employee costs	**12 233**	20 492
Total	**746 706**	853 188
Average no. of full-time equivalents	**753**	784

Remuneration to Managing Director	**2020**	2019
Salaries/bonus	**4 040**	2 323
Other remuneration	**18**	43
Pension	**103**	102

Key personnel may be given six months' notice on termination of their employment contract.

NOK 278 was paid in remuneration to the members of the Board of Directors.

Auditor

Cost overview:

	2020	2019
Statutory audit	**1 567**	1 274
Tax advice	**166**	93
Other services not covered by the audit	**644**	223
Total	**2 377**	1 590

All amounts are ex. VAT

6 Pensions

The company's pension costs show the employees' accrual of future pension in the financial year. In a defined contribution scheme, the company is responsible for providing an agreed contribution to the employee's pension fund. In a defined benefit scheme, the company is responsible for providing an agreed pension to the employee in relation to terminal pay.

The company is subject to the Act relating to Obligatory Occupational Pensions; our pension schemes are provided in accordance with this. On 1 July 2008, the company changed from a defined benefit pension scheme to a defined contribution pension scheme, where the employer only contributes an agreed amount to a pension account for each employee. Employees who had reached 58 years of age on the transition date continued on the defined benefit scheme.

A compensation scheme was established in connection with the transition to a defined contribution pension scheme and this ensures that the employees do not suffer any loss during transition to the new scheme. The size of the compensation has been based on the difference between the calculated pension capital from the defined benefit scheme and the value of the defined contribution scheme on reaching 67 years of age. The compensation is adjusted annually in accordance with the change in each member's pension basis and bears interest at market rates. If the employee retires voluntarily before reaching 67 years of age, the compensation will be reduced.

The defined benefit pension scheme is covered through Aker Pension Fund, which also covers employees in other Akastor companies. The company also participates together with other employers and the Norwegian State in a collective early retirement scheme called AFP. From 2010 the scheme has been changed, and no AFP liabilities has been presented in the accounts (other than the liability for pensioners already included in the scheme) as there are no reliable estimates for this. In addition, key personnel in the company have an additional pension over and above the collective pension scheme. This is financed through the company's operations.

Benefit pension will therefore include employees over 58 years of age at the time of transition to a defined contribution pension scheme as at 1 July 2008 (84 pensioners per 31.12.20), special pension schemes covered through operations and early retirement pension schemes (AFP). In addition, the defined benefit pension scheme will consist of book liabilities associated with the transition to the defined contribution pension scheme (the compensation scheme).

Pension costs included in the profit and loss account

	2020	2019
Benefit plans		
Service cost of pension earnings for the year	-6 630	-7 842
Interest costs on pension liabilities	-3 641	-4 954
Anticipated return on pension assets	1 777	2 300
Plan changes	-	-
Risk premium – disability pension	-	-
Administration costs	- 150	- 160
Social security cost	-1 219	-1 502
Pension cost benefit plans including compensation scheme	-9 863	-12 158
Defined contribution pension plans	-43 345	-42 765
Total pension costs included in profit or loss for the year	-53 208	-54 923
Of these presented as financial items	-1 864	-2 653
Pension costs presented as operating costs	-51 344	-52 270

6 Pensions, cont.

Reconciliation of the pension scheme's financial status against amount shown in the company's balance sheet

	2020			2019		
	Fund-based schemes	Non fund-based schemes	Total	Fund-based schemes	Non fund-based schemes	Total
Benefit plans						
Accrued pension liabilities	**82 588**	**84 450**	**167 038**	82 212	96 240	**178 452**
Pension assets at market value	**79 722**	**-**	**79 722**	82 075	-	**82 075**
Pension assets greater than (+) / less than (-) liabilities	**-2 866**	**-84 450**	**-87 316**	- 137	-96 240	**-96 377**
Accrued social security cost	**- 404**	**-11 908**	**-12 312**	-	-13 570	**-13 570**
Net pre-paid pension (+) / incurred liabilities (-)	**-3 270**	**-96 358**	**-99 628**	- 137	-109 810	**-109 947**

Financial assumptions

Financial assumptions				
Discount rate	**1,50 %**	**1,50 %**	2,20 %	2,20 %
Anticipated return	**1,50 %**	**1,50 %**	2,20 %	2,20 %
Anticipated wage adjustment	**2,00 %**	**2,00 %**	2,25 %	2,25 %
Anticipated increase in pensions	**0,00/1,07%**	**0,00/1,07%**	0,00/1,82%	0,00/1,82%

6 Pensions, cont.

Changes in gross liabilities and assets for defined benefit pension liabilities (before payroll tax)

	2020	2019
Incurred pension liabilities at the beginning of the year	**178 452**	168 847
Service cost of pension earnings for the year	**6 630**	7 842
Interest costs on pension liabilities	**3 642**	4 954
Payments	**-9 548**	-13 872
Plan change	**-5 915**	-
Additions in connection with mergers	**-**	-
Actuarial profit/loss	**6 090**	10 681
Incurred pension liabilities at year-end	**179 350**	178 452
Pension assets at market value at the beginning of the year	**82 075**	83 353
Anticipated return on pension assets	**1 777**	2 300
Incoming payments	**3 196**	5 149
Outgoing payments	**-6 868**	-7 181
Actuarial profit/loss	**- 126**	-1 381
Administration costs	**- 332**	- 165
Pension assets at market value at year-end	**79 722**	82 075

Analysis of investment of pension assets and anticipated return

Different types of investment on pension assets as a percentage of pension assets	**2020**	2019
Equity instruments	**0,0 %**	0,0 %
Debt instruments	**54,0 %**	59,0 %
Other types of investment	**46,0 %**	41,0 %
Total	**100,0 %**	100,0 %

List of net pension liabilities and deviations (before payroll tax)

	2020	2019	2018	2017	2016	2015
Incurred pension liabilities	**179 350**	178 452	168 847	170 616	174 255	184 178
Pension assets at market value	**-79 722**	-82 075	-83 353	-87 920	-88 871	-86 413
Net pension liabilities	**99 628**	96 377	85 494	82 696	85 384	97 765
Actuarial profit (-) / loss (+) pension liabilities	**6 090**	10 681	1 999	291	-5 592	-15 645
Actuarial profit (-) / loss (+) pension assets	**126**	1 381	-4 634	-	1 568	-7 429

7 Property, plant & equipment

	Land/leisure cabins/parking areas	Buildings/added cost for premises	Plant and machinery	Installations under construction	Total
Purchase cost as at 01/01	7 935	11 395	117 495	6 949	**143 774**
Additions – purchased assets	-	-	5 055	-	**5 055**
Additions by merger					-
Reclassification of assets	-	-	6 609	-6 609	-
Purchase cost as at 31/12	**7 935**	**11 395**	**129 159**	**340**	**148 829**
Accumulated deprec. and write-downs 01/01	-	7 856	75 399	-	**83 255**
Depreciation for the year	-	458	8 665	-	**9 123**
Reclassification	-	-	(2 606)	-	**(2 606)**
Accum. depreciation as at 31/12	-	**8 314**	**81 458**	-	**89 772**
Book value as at 31/12	**7 935**	**3 081**	**47 701**	**340**	**59 057**
Economic lifetime		10–20 years	3–7 years	Depreciated from	
Depreciation plan		Linear	Linear	completion	
Annual rent for leased assets not capitalised		42 431	5 348		

Lease agreements relating to premises have remaining lease terms of between 1 and 14 years.

8 Intangible assets

	R&D	R&D	Goodwill	Total
Purchase cost as at 01/01	291 064	94 633	15 653	**401 350**
Additions – intangible assets	27 195	-	-	**27 195**
Additions by merger	11 569	-	-	**11 569**
Purchase cost as at 31/12	**329 828**	**94 633**	**15 653**	**440 114**
Accumulated depreciations as at 01/01	254 255	-	15 653	**269 908**
Depreciation for the year	26 216	-	-	**26 216**
Reclassification	2 606			**2 606**
Accum. depreciation as at 31/12	**283 077**	-	**15 653**	**298 730**
Book value as at 31/12	**46 751**	**94 633**	-	**141 384**
Economic lifetime	3-5 years	Depreciated from	5 years	
Depreciation plan	Linear	completion	Linear	

A total of NOK 10 035 in research and development costs has been expensed in 2020. The corresponding amount for 2019 was NOK 26 243.

9 Shares in subsidiaries

Subsidiaries	Registered address	Purchase date	Book value	Ownership interest	Voting %
MHWirth UK Ltd.	Aberdeen	1991	25 721	100 %	100 %
MHWirth Singapore Pte. Ltd.	Singapore	1991/2010/2018	-	100 %	100 %
MHWirth India Pvt. Ltd.	Mumbai, India	1998/2004	758	100 %	100 %
MHWirth GmbH	Erkelenz, Germany	2007/2009/2010	711 208	100 %	100 %
MHWirth FZE	Dubai	2008/2011	-	100 %	100 %
MHWirth Offshore Petroleum Engineering (Shanghai) Co. Ltd	China	2014	4 450	100 %	100 %
MHWirth Canada Inc.	Canada	2014	599	100 %	100 %
MHWirth Inc.	USA	2015/2016/2019	150 000	100 %	100 %
MHWirth Pty Ltd.	Australia	2017	49 953	100 %	100 %
MHWirth do Brazil Equipamentos Ltda.	Brazil	2020	387 877	100 %	100 %
Frontica Engineering AS	Norway	2020	25 000	100 %	100 %
Step Oiltools BV	Netherlands	2020	186 447	100 %	100 %
Total investments in subsidiaries			1 542 013		

Subsidiaries	Equity acc. to 2020 accounts	Pre-tax profit or loss acc. to 2020 accounts
MHWirth UK Ltd.	22 594	-11 128
MHWirth Singapore Pte. Ltd.	17 990	13 444
MHWirth India Pvt. Ltd.	9 102	-734
MHWirth GmbH	225 814	72 059
MHWirth FZE	94 504	34 109
MHWirth Offshore Petroleum Engineering (Shanghai) Co. Ltd	8 238	334
MHWirth Canada Inc.	7 003	-181
MHWirth Inc.	99 308	-26 858
MHWirth Pty Ltd.	39 908	17 653
MHWirth do Brazil Equipamentos Ltda.	303 962	-18 934
Frontica Engineering AS	4 630	-26 154
Step Oiltools BV	101 544	-51 309

The book value of the shares in MHWirth Singapore Pte. Ltd. is 0 by end of 2020 as a result of capital reduction in December 2020.
The book value of the shares in MHWirth FZE is 0 by end of 2020 as a result of capital reduction in December 2020.
The book value of the shares in MHWirth do Brazil Equipamentos Ltda is a result of the merger with Drilltech AS in 2020 and capital increase in December 2020.

10 Investments in associated companies and other shares

Company	Registered address	Purchase date	Book value	Ownership interest	Voting %
MHWirth O&G, Abu Dhabi	Abu Dhabi	2014	-	50,0 %	50,0 %
Electrical Subsea & Drilling AS	Bergen	2017	4 652	20 %	20 %
Agder Research Holding AS	Kristiansand	2017	-	2,6 %	2,6 %
Future Well Control AS	Kristiansand	2019/2020	75	10 %	10 %
Total investments in other shares			**4 727**		

Associated companies	Equity acc. to 2019/2020 accounts	Pre-tax profit or loss acc. to 2019/2020 accounts	Accountig period presented
MHWirth O&G, Abu Dhabi	94 504	36 959	2020
Electrical Subsea & Drilling AS	26 336	-1 552	2019

11 Group account, security, guarantees, etc.

The Akastor Group has established a group cash pool system in DNB Bank ASA, where Akastor ASA, in accordance with the agreement, is group account holder, while the Group's subsidiaries are sub-account holders. The bank settles withdrawals and the balance of sub-accounts, so that the net position represents the outstanding accounts between DNB Bank ASA and Akastor ASA. MHWirth AS participates in the group cash pool system and is jointly and severally responsible for the net positions. As of 31 December 2020, MHWirth AS has a deposit of NOK 22 350 in the group cash pool system compared with NOK 421 292 as of 31 December 2019.

MHWirths assets in the group cash pool system are presented as Current group receivables.
Bank guarantees provided by financial institutions as customer guarantees for contract execution constitute NOK 3 472.
Bank guarantees have also been provided for unpaid employee taxes.
Building with booked value of NOK 3 081 is provided as collateral for a bank loan to Stiftelsen Maritippen Barnehage.

12 Financial risk

MHWirth AS carries out major construction contracts for customers. This includes both purchase and sales contracts in different currencies. A significant part of the company's foreign currency exposure concerning contracts are subject to hedging. The company enters into forward contracts directly with banks in order to buy or sell currency for future delivery. At year-end, the company had entered into contracts with banks for purchase and sale of foreign currency as stated below in order to hedge the currency exposure of ongoing contracts.

Currency	Net sales	Net purchases
USD	22 413	7 809
EUR	-	10 813
GBP	1 274	3 000

The total positive market value of the hedging instruments at year-end amounts to NOK 8 263.

As described above, MHWirth has hedged contract-related currency exposure. Consequently, fluctuations in foreign currency will have little impact on the short-term result. As contracts may apply for shorter periods than the underlying exposure, it is normal practice to renew forward contracts to cover future periods. When renewing forward contracts, it is normal to pay or receive an amount that corresponds to the movement in the spot exchange rate up to renewal (rolling effect). This represents a liquidity risk that remains unhedged. At year-end, the accumulated rolling effect was net payments of NOK 30 189, which are included in other current receivables in the balance sheet.

Other long-term receivables 25 611 concerns receivable in connection with the sale of MPO and is related to future results from the sold business.

13 Short-term group receivables and liabilities

Items in the balance sheet consist of:

	2020	2019
Accounts Receivables	**41 493**	77 712
Cash pool	**22 350**	421 292
Total current group receivables	**63 843**	499 004

	2020	2019
Trade creditors	**(209)**	19 895
Other current liabilities	**219 931**	2 094
Payables group contribution	**631 522**	124 545
Total current group liabilities	**851 244**	**146 534**

14 Taxes

Income tax expense	**2020**	2019
Tax payable	**-1 381**	0
Changes in deferred tax	**101 801**	120 054
Tax on group contribution	**-138 935**	-124 545
Withholding tax abroad	**-7 468**	-27 660
Tax on revenue / cost booked to equity	**-1 408**	-2 583
Change in deferred tax from previous year	**-6 885**	0
Other changes in tax	**0**	-415
Total income tax expense	**-54 276**	-35 149

Tax base calculation		
Ordinary pre-tax profit or loss	**218 305**	228 931
SkatteFUNN tax deduction scheme	**-4 195**	-4 319
Permanent differences	**-56 939**	-16 166
Change in temporary differences	**570 649**	560 781
Limitation of deduction for interest between close parties	**-19 457**	6 277
Change in tax loss carry forward	**-21 270**	-209 391
Group contribution	**-631 522**	-566 113
Taxable income	55 571	0
Calculated tax (22%)	**12 226**	0
Applied credit deduction	**-12 226**	0
Tax payable	**0**	0

Temporary differences	**2020**	2019
Differences that have been assessed:		
Fixed assets	**-119 523**	-104 494
Current assets	**-255 567**	6 941
Liabilities	**-130 937**	-68 103
Write-down of shares in NOKUS companies	**-9 014**	-9 014
Forward contracts	**30 189**	294 637
Pension liabilities	**-99 628**	-109 947
Credit carry forward/loss carry forward	**-98 815**	-188 034
Interest limitatation rule	**-222 365**	-241 822
Total	**-905 660**	-419 836
Deferred tax liability (asset)	**-199 245**	-92 364
Tax rate	**22 %**	22 %

The tax rate in Norway is 22 %. Deferred tax liability and deferred tax asset is calculated with a tax rate of 22 %.

15 Equity

	Share capital	**Other reserves**	**Total**
Equity as at 31/12/2019	**100 200**	**2 122 312**	**2 222 512**
Change in equity for the year:			

Capital increase	0	304 542	**304 542**
Increase due to merger with Drilltech and Maritime Promeco		4 244	**4 244**
Deviations in group contribution 2019 ex. taxes		-5 806	**-5 806**
Deviations to estimates for the year in pension schemes		-4 991	**-4 991**
Group contribution allocated		-492 587	**-492 587**
Group contribution received		0	**0**
Dividend		-1 439 088	**-1 439 088**
Retained earnings		164 030	**164 030**
Equity as at 31/12/2020	**100 200**	**652 656**	**752 856**

The share capital consists of one share with a nominal value of NOK 100 200 and is owned by Akastor AS.

16 Transactions with close partners

Purchases and sales between companies in the Akastor Group have been carried out subject to the same terms as if they had taken place between independent parties based on OECD Guidelines for transfer pricing.
In total, MHWirth AS purchased goods and services from other Akastor companies amounting to NOK 261 606 in 2020.
Correspondingly, MHWirth AS sold goods and services to other Akastor companies amounting to NOK 222 946 in 2020.

MHWirth AS transferred several assets to the 100% shareholder Akastor AS in 2020. Firstly, the MHWirth AS net receivables towards Jurong shipyard related to the DRU projects was transferred through a dividend transaction following the AL 3-8 legislation to Akastor AS. In addition, the subsidiary MHWirth UK Ltd sold the NES Global Talents unit assets directly to Akastor. Lastly, the Odfjell investment owned by the subsidiary MHWirth (SG) Ptd Ltd was transferred through MHWirth AS to Akastor by dividend transactions.

Maritime Promeco AS and Drilltech AS were merged with MHWirth AS per 01.01.2020. The mergers were based on the continuity concept.

Frontica Engineering AS came into operation as from 01.04.2020, and is a 100 % owned company. The operation was transferred from MHWirth AS as a business transfer.

17 Project risk and uncertainties

MHWirth AS' large projects are mainly long-term contract deliveries at a fixed price which have been won through competitive tendering. Delays, quality non-conformance or an increase in project costs may result in costs that cannot be covered by the income from the project in question. The figures in the accounts have been based on the best estimate at the end of the accounting period. If a project has been identified as unprofitable, provisions are made for future losses. Circumstances and information may change in subsequent periods and therefore, the final outcome may be better or worse than the assessments made at the time of preparing the accounts suggested.

The importance of the company's policy, which states that payment terms should at least give a neutral cash flow in the projects, has been emphasised in the present market. At the same time, the company has challenges related to payment terms for contracts entered into in previous years.

18 Other financial items

Other financial income consists of:	**2020**	2019
MPO settlement and arbitration	**0**	72 373
Agio related to MPO receivables and debt	**16 598**	14 740
Agio related to loan and bank deposit	**36 132**	0
Other interest income	**314**	1 493
Other financial income	**4 139**	6 524
Total other financial income	**57 183**	95 130

Other financial costs consist of:		
MPO impairment	**46 595**	0
Disagio related to MPO receivables and debt	**7 678**	14 025
Other interest cost	**3 687**	2 419
Other financial costs	**21 786**	8 847
Total other financial costs	**79 746**	25 291

2020 financial items include an impairment of 47 millions related to MPO earn-out receivable from AFGlobal. The market for MPO products has alongside with the general offshore market suffered since the Corona virus outbreak in 2020 and MHWirth expects the effects of delays in order intake to continue until June 2022 and hence to impact the basis for the earn out receivable from AFGlobal. MHWirth decided to impair the receivable as per year end 2020.

19 Share purchase scheme for employees

There was no share purchase programme for employees in 2020.

20 Provisions

	Guarantees	Restructuring	Provisions	Total
01.01.2020	46 061	22 042	0	**68 103**
Change for the year	0	-3 038	0	**-3 038**
31.12.2020	**46 061**	**19 004**	**0**	**65 065**

Guarantees are mainly related to the possibility that MHWirth AS must do warranty work in accordance with agreements in connection with supplies of products or service to customers.

Restructuring is related to downsizing in connection with the global challenges in the rig market. The short term part includes wage costs, NOK 6 213 and rental costs for premises, NOK 5 991. The long-term part of NOK 6 800 has been included under other provisions for liabilities.

21 Events since the balance sheet date

On March 2, 2021, an agreement with Baker Hughes was announced to create a joint venture company (Company) that will bring together MHWirth AS and Baker Hughes' Subsea Drilling Systems (SDS) business. The Company will deliver a global full-service offshore drilling equipment offering that will provide customers with a broad portfolio of products and services.

The Company shall be owned 50/50 by Akastor and Baker Hughes. Akastor shall contribute its shares in MHWirth to the Company in return for 50% of the shares of the Company and USD 120 million in consideration, of which USD 100 million is payable in cash at closing. Baker Hughes shall contribute the SDS business to the Company in return for the other 50% of the shares and USD 200 million in consideration, of which USD 120 million is payable in cash at closing. The Company shall issue notes to Akastor and Baker Hughes representing the balance of the consideration owed to them. The notes shall be subordinated to the Company's external debt financing. The Company will finance the cash consideration payable to Baker Hughes and Akastor by way of a USD 220 million bank facility.

The transaction agreement entered into by Akastor and Baker Hughes provides for customary terms for agreements of this nature, including representations and warranties relating to the businesses being contributed as well as an agreed form shareholders agreement customary for a 50/50 joint venture, including governance and exit provisions. Completion of the transaction is subject to customary conditions, including regulatory approval. Closing of the transaction is expected to take place in the second half of 2021.

22 Covid-19 impacts and market outlook

A key element of MHWirth's risk management in 2021 will be to continue to monitor the development of the COVID-19 outbreak and continuously seek to implement necessary mitigating measures. This may lead to further cost adjustments and changes in the valuation of the MHWirth's assets and liabilities (which could include further restructuring costs, onerous leases, impairments etc. and increased credit risk impacting the valuation of trade and interest-bearing receivables).

Even though MHWirth AS managed the COVID-19 situation during 2020 well, it still remains uncertain when the situation will normalize. Restrictions with regard to operations and travel will most likely continue until at least Q3 2021. The risk of full suspension of operations is however limited as vaccinations have started and the companies have adapted well to the new "normal" showing that they are capable to work under severe restrictions.

MHWirth AS operate mainly in the oilfield services industry. During 2020, this industry was heavily affected by the outbreak of the COVID-19 virus, declared as a global pandemic by World Health Organization. This outbreak caused significant disruption to the global economy through reduced industrial activity, extensive travel restrictions and mandatory quarantines. The oil and gas market was strongly affected by negative demand development following lower global activity as well as turmoil on the supply side, resulting in a sharp decline in oil prices in the beginning of 2020. This added additional pressure on the global economy, with direct effects on the investment level of oil companies and following consequences for the oilfield services industry. These events have especially affected the capital equipment segment of MHWirth through a lower demand for single equipment as well as a muted rig newbuilding market.

In 2021, MHWirth AS will continue to focus strongly on minimizing the spread of the virus and mitigate substantial disruptions to operations throughout the portfolio. MHWirth management is cautiously optimistic that market situation will improve through 2021 as a result of increased rate of COVID-19 vaccination, which in turn should lead to increased global activity and thus increased demand for products and services offered. Still, it is expected that the COVID-19 virus will have negative impact on the global economy and the operational activities in MHWirth AS also in 2021. The financial impact as a result of this remains uncertain as it still is difficult to predict the duration of the virus outbreak and the long-term impact on the financial markets and the industrial activity level. From an accounting perspective, these factors could impact future assessments of recoverable amounts of MHWirth's assets if the current volatility results in a negative long-term market outlook.

Kristiansand, 26 March 2021

admincontrol

MHWirth AS_Årsberetning_2020_sign.pdf

Signers:

Name	*Method*	*Date*
PAASKE, ØYVIND	BANKID_MOBILE	2021-04-06 09:15 GMT+2
Sigmundstad, Tommy	BANKID	2021-04-06 09:16 GMT+2
Drange, Susanna	BANKID_MOBILE	2021-04-06 09:21 GMT+2
Sjølund, Stian	BANKID_MOBILE	2021-04-06 09:22 GMT+2
Borge, Leif Hejø	BANKID_MOBILE	2021-04-06 09:22 GMT+2
Halvorsen, Asle Christian	BANKID	2021-04-06 09:38 GMT+2
Kjelstad, Karl Erik	BANKID	2021-04-06 10:04 GMT+2
Bergsvik, Eirik	BANKID_MOBILE	2021-04-06 10:45 GMT+2
Sjøberg, Geir Atle	BANKID	2021-04-06 12:02 GMT+2

mhwirth

ANNUAL REPORT 2020

MHWirth AS

The business

MHWirth AS is a provider of complete drilling solutions, digital technology solutions, engineering services, project implementation and life cycle services to the international offshore and onshore market. The company is wholly owned by the investment company Akastor AS, which in turn is wholly owned by the listed company Akastor ASA.

MHWirth AS is the parent company of the MHWirth Group. In 2020 the global organisation has been operating in Norway, Germany, the United States, the United Kingdom, Singapore, China, India, the United Arab Emirates, Australia, Brazil, Azerbaijan and Canada.

The headquarter is located in Kristiansand, and the company also has significant activities in Oslo, Horten, Lyngdal and Stavanger. MHWirth AS is organised based on business types as life cycle services, project deliveries, equipment deliveries and engineering services.

MHWirth does not compile consolidated accounts, as the sub-group is covered by the consolidated accounts of Akastor ASA, hence the turnover and the profits from MHWirth AS' subsidiaries are not included or discussed in the financial statements for MHWirth AS.

In 2020, MHWirth AS experienced challenges in the activity in most business streams due to the challenging market for companies that operate as suppliers to the oil and gas industry globally. No contracts were signed for delivery of complete drilling packages in 2020. The principal activity for projects in 2020 consisted of work on drilling rigs and drillships constructed at Keppel FELS Shipyard in Singapore and for Wood Group Inc in Canada.

MHWirth's complete drilling packages has been installed on 81 rigs worldwide.

Step Oiltools BV has been acquired from Akastor AS in 2020.

Frontica Engineering AS was established in April 2020.

Maritime Promeco and Drilltech AS were merged with MHWirth AS per 01.01.2020.

MHWirth AS transferred several assets to the 100% shareholder Akastor AS in 2020. Firstly, the MHWirth AS net receivables towards Jurong shipyard related to the DRU projects was transferred through a dividend transaction following the AL 3-8 legislation to Akastor AS. In addition, the subsidiary MHWirth UK Ltd sold the NES Global Talents unit assets directly to Akastor. Lastly, the Odfjell investment owned by the subsidiary MHWirth (SG) Ptd Ltd was transferred through MHWirth AS to Akastor by dividend transactions.

Health, Safety, Security and Environment (HSSE)

Health, Safety, Security and Environment (HSSE) is a core value in MHWirth. Both management and employees have shown responsibility and demonstrated good attitudes towards HSSE throughout 2020. MHWirth AS employees work under challenging conditions worldwide, and the company therefore has a strong focus on reducing risk in all situations. Additionally, throughout 2020 the initiatives related to the outbreak of the Coronavirus pandemic have escalated rapidly and a lot of effort has been done to be able to reduce the risk and maintain our operation.

We are all equally responsible and accountable for caring for the environment, safety and well-being of ourselves and others. HSSE forms an integral part of all operations through the HSSE management system, guidelines, procedures, skills and business culture, and represents a core value and commitment to customers, employees and business partners.

The zero-incident philosophy is supported by MHWirth's management group and board of directors and is implemented through continual and practical activities (e.g. through HSSE Must Win Battles) focused on operations in MHWirth.

- Ensure that HSSE regulations and procedures are known and followed
- Ensure consistent reporting of all relevant HSSE incidents (this includes injuries, loss, near misses, risk observations and improvement proposals), as well as sharing experiences using the Lessons Learned system and HSSE Networks in the organization
- Focus on culture and language to ensure that no misunderstandings lead to accidents
- Focus on safety for travelling personnel, particularly in high risk areas
- Ensure that everyone is familiar with and uses our tools to minimize risk
- Align and improve emergency, preparedness and response plans
- Increase and maintain the HSSE awareness throughout the organization to prevent future injury or loss by updating, improving and roll out our HSSE course portfolio/training
- Increase the HSSE awareness on MHWirth sites (yards)
- Ensure that Climate and Environment risks are identified and handled
- Roll out HSSE campaigns based on trends

MHWirth AS' HSSE program involves systematic safety work, personal quality, attitudes and behavior. The company's working environment committee (AMU) held regular meetings during 2020. This is a forum for presenting working environment issues, sharing HSSE status and ensuring that the company focuses on HSSE. The working environment is considered to be good, and ongoing improvement measures are being implemented. The collaboration with the employees' organizations has been constructive and made a positive contribution to the operation.

No MHWirth AS employees were seriously injured in 2020. There were registered six Total Recordable Injuries (TRI) related to MHWirth Employees in 2020, this gives a Total Recordable Injury Frequency (TRIF) * factor of 2,2 for 2020, compared with 1,8 in 2019. The increase was mainly due to accidents by using power tools, hence a global Power Tools Safety campaign was launched aiming for blue collar workers to contribute to safer use of power tools.

*Number of Total Recordable Injuries (TRIs) per million worked hours

Additionally, the HSSE resources conducted several other campaigns and initiatives throughout the year, e.g. First Aid training sessions, Hands Safety campaign and several internal markings of international HSSE anniversaries (World Days) as also indicated in the MHWirth HSSE Annual Cycle.

Sick leave for MHWirth AS has an increase from 2.9% in 2019 to 3.9% in 2020 and this is related to long term sick leave.

The company has a strong focus on preventing absence due to illness and has ongoing measures in place for this in collaboration with the HR department, occupational health service, the Norwegian Labor and Welfare Administration (NAV) and the employees' representatives. The company is a member of the Inclusive Workplace scheme.

The percentage of women in the company is 18 %, increased from 17% in 2019. MHWirth has implemented a Diversity guideline with specific long-term goals. The aim is to ensure more diversity and inclusion in the Company, both with regards to sex, age and ethnical background. We have focus on diversity during our recruitment processes.

Union representatives, MHWirth top management HR and employees will be involved in the work to identify risks for discrimination and to ensure equality.

HR and union representatives are currently mapping all procedures and tools. Also, physical conditions will be included in this mapping to ensure equal possibilities for disabled employees. The mapping will be completed during Q2 2021 and will form basis for an MHWirth action plan.

HR will have the main responsibility to ensure planned actions are followed through, and HR will regularly report status of this work to a steering group where employee representatives and management will be present.

Given the Corona virus outbreak and the COVID-19 situation in Q1 2020, MHWirth has implemented extensive measures to secure business continuity and prepare action plans and IT solutions for the business across all entities in order to secure future business as well as to safeguard the health and safety of MHWirth employees and contractors. Examples of such measures are travel restrictions and home office opportunities.

Ethics

Ethics are an important part of the company's values, and MHWirth has a zero tolerance of corruption and other forms of irregularities or legal violations. The mandatory company training programmes ensure sufficient training of all employees. MHWirth uses a risk-based approach for the training. We conduct our courses relating to ethics and particularly complex regulatory areas. We ensure that all employees know what is expected of them, and at the same time we ensure that employees who are exposed to special regulatory risks receive relevant and adequate training. MHWirth has established a notification channel and encourages its employees to use this channel when it is difficult to notify through the usual channels or HR.

External environment

MHWirth is committed to continually reducing its impact on the environment. The company designs products and services which reduce undesirable environmental effects and ensure the safe and efficient utilization of energy and natural resources. MHWirth's operations are carried out with efficient use of materials and energy, and with a focus on minimizing waste and damage to the environment. The company strives to ensure that products can be recycled or disposed of safely.

MHWirth is also committed by its owners to prepare for ESG (Environment-Social-Governance) strategy implementation starting from 2020/2021. Amongst others, this will include setting of environmental KPIs, strengthening the environmental measurements locally and globally within the company, enhance and improve the ESG reporting, as well as work aiming for a certification of our management system in accordance with ISO 14001 and ISO 45001, etc.

MHWirth has identified several potential business opportunities as part of solving environmental and climate challenges. We look for "green" business opportunities that aligns well with MHWirth competence and capabilities. As part of this work we have identified specific opportunities and developed concepts related to power cable installation and anchor handling within the offshore wind business. We have also identified several business opportunities in the upcoming subsea mineral mining industry partly based on historic deliveries of equipment and systems to subsea diamond mining vessels. Subsea mineral mining is assumed necessary to enable the transition from oil&gas to renewable energy.

Future development

Continuous product development is under way within most product areas. Special comments should be made of a programme of continuous standardisation, cost reduction and improvement of the company's product range.

A number of development projects were initiated and further developed in 2020 to meet market demands for increased drilling efficiency, lower operating costs for drilling rigs, reduced pollution of the external environment and improved safety. Examples of this type of development project are drilling automation and condition-based maintenance. One of the company's aims is to continue with this type of development project in the years ahead in close cooperation with the company's customers.

The drilling equipment market has also been challenging in 2020. MHWirth did not sign any new contract for a complete drilling package in 2020, while there was one contract signed in 2019.

The market utilization in 2020 has been 61% for floater rigs and 68% for jackup rigs. The number of active rigs with MHWirth's complete drilling package was stable at 46 rigs in Q3 and Q4 2020. The total order intake for the year was BNOK 1.8. The order backlog was BNOK 1.6 at year-end 2020, reduced from 2.0 at year-end 2019.

Oil and gas related industry has experienced a very demanding market in recent years. In 2020, the conditions have stabilised somewhat, with a slightly higher oil price and increased willingness to invest among key players in the market. The global fleet of offshore drilling rigs is still struggling with excessive capacity, but the situation has improved for rigs operating in geographies with a harsh environment.

A key element of MHWirth's risk management in 2021 will be to continue to monitor the development of the COVID-19 outbreak and continuously seek to implement necessary mitigating measures. This may lead to further cost adjustments and changes in the valuation of the MHWirth's assets and liabilities (which could include further restructuring costs, onerous leases, impairments etc. and increased credit risk impacting the valuation of trade and interest-bearing receivables).

Even though MHWirth AS managed the COVID-19 situation during 2020 well, it still remains uncertain when the situation will normalize. Restrictions with regard to operations and travel will most likely continue until at least Q3 2021. The risk of full suspension of operations is however limited as vaccinations have started and the companies have adapted well to the new “normal” showing that they are capable to work under severe restrictions.

MHWirth AS operate mainly in the oilfield services industry. During 2020, this industry was heavily affected by the outbreak of the COVID-19 virus, declared as a global pandemic by World Health Organization. This outbreak caused significant disruption to the global economy through reduced industrial activity, extensive travel restrictions and mandatory quarantines. The oil and gas market was strongly affected by negative demand development following lower global activity as well as turmoil on the supply side, resulting in a sharp decline in oil prices in the beginning of 2020. This added additional pressure on the global economy, with direct effects on the investment level of oil companies and following consequences for the oilfield services industry. These events have especially affected the capital equipment segment of MHWirth through a lower demand for single equipment as well as a muted rig newbuilding market.

Primo March 2021, Akastor and Baker Hughes announced an agreement to create a joint venture that will bring together Baker Hughes' Subsea Drilling Systems business with MHWirth AS and it's subsidiaries. Closing of this agreement is expected to take place in the second half of 2020 and is subject to all regulatory approvals having been obtained and customary closing conditions.

Results, investments, financing and liquidity for MHWirth AS

The annual accounts for MHWirth AS differ from the financial key figures presented by Akastor ASA for the MHWirth Group. This is due to the annual accounts for MHWirth AS do not represent the consolidated accounts for the MHWirth Group. MHWirth AS also presents its annual accounts in accordance with Norwegian accounting standards, while Akastor ASA uses IFRS.

Due to regional variances and project timing, the company's turnover decreased from MNOK 2,811 in 2019 to MNOK 2,226 in 2020.

The 2020 accounts show an operating profit after depreciation (EBIT) of MNOK 164, compared with MNOK 192 in 2019. Pre-tax profit for 2020 amounts to MNOK 218, compared with MNOK 229 in 2019.

The company has received dividends from subsidiaries totalling MNOK 83. The accounts include a financial income of MNOK 43 related to capital reductions.

At year-end, the net book value of stock amounted to MNOK 90, compared with MNOK 131 a year earlier. The stock obsolescence provision increased by MNOK 13 in 2020. Fixed asset and capitalised research and development investments amounted to MNOK 44 in 2020 whereof MNOK 12 was effect of merger. A total of MNOK 10 was expensed in development costs during 2020.

As at 31 December 2020, the company's liquid reserves amounted to MNOK 22, compared with MNOK 421 as at 31/12/2019.

As at 31/12/2020, the company has no interest-bearing debt to group undertakings, compared with MNOK 300 at 31/12/2019.

At the year-end, total assets amounted to MNOK 2,456, compared with MNOK 4,524 in 2019. Finally, as at 31 December 2020, equity ratio is 31 %, compared with 49

% at year-end 2019.

In 2020, cash flow from operations was positive of MNOK 200. The corresponding figures for 2019 showed a positive cash flow of MNOK 240. The cash flow from investment activities was negative of MNOK 600 in 2020. The corresponding figures for 2019 showed a negative cash flow of MNOK 221.

The company's position and the results of the business

In the opinion of the Board of Directors, the annual accounts that are presented for the 2020 financial year present a true and accurate picture of assets and liabilities, financial position and result. As at 31/12/2020, there were 727 employees in MHWirth AS, the corresponding number was 822 as at 31/12/2019.

Other than what is referred to in the annual accounts, the Board of Directors is unaware of other circumstances concerning market conditions and price trends that would impact on an assessment of the company's financial position other than what is referred to concerning the Corona virus under the “future development” comments above.

Financial risk

General remarks concerning objectives and strategy

The company is exposed to financial risk in a number of areas, particularly currency risk. The aim is to dampen financial risk as much as possible through use of financial instruments.

Market risk

The company's competitiveness is sensitive to fluctuations in exchange rates, particularly the US dollar (USD). A significant proportion of the company's income from contracts is in USD, while a substantial proportion of the company's purchases is in Euro and Norwegian kroner. However, the company has entered into forward contracts in order to reduce the company's currency risk and thereby the market risk linked to operations. Please see comments related to the Corona virus under “Future development” above.

Credit risk and liquidity risk

The risk of a counterparty not having the financial capacity to fulfil its obligations is considered to be moderate, as losses on receivables have historically been low. The situation in the global economy and the industry indicate that this risk is expected to be more present now and in the years ahead. In its contracts, the company has secured prepayments and milestone payments, while the company is finding it challenging to have these fulfilled and is working actively to secure payments. The company considers the liquidity within the company to be satisfactory.

Going concern

In 2021, MHWirth AS will continue to focus strongly on minimizing the spread of the virus and mitigate substantial disruptions to operations throughout the portfolio. MHWirth management is cautiously optimistic that market situation will improve through 2021 as a result of increased rate of COVID-19 vaccination, which in turn should lead to increased global activity and thus increased demand for products and services offered. Still, it is expected that the COVID-19 virus will have negative impact on the global economy and the operational activities in MHWirth AS also in 2021. The financial impact as a result of this remains uncertain as it still is difficult to predict the duration of the virus outbreak and the long-term impact on the financial markets and the industrial activity level. From an accounting perspective, these factors could impact future assessments of recoverable amounts of MHWirth's assets if the current volatility results in a negative long-term market outlook.

In accordance with the Norwegian Accounting Act, the board of directors confirms that the going concern assumption, on which the consolidated financial statements have been prepared, is appropriate.

Financial results for the year and allocations

Based on the company's capital structure, the Board of Directors recommends that the ordinary profit for the year of MNOK 164,0 be allocated as follows:

Dividend	MNOK	- 1 439,1
Group contribution allocated	MNOK	- 492,6
From other reserves	MNOK	1 767,7
Total allocated	MNOK	- 164,0

Kristiansand, 26 March 2021

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MHWirth AS

Merrill A. Miller Chairman of the Board	Eirik Bergsvik CEO	Leif Hejø Borge Board Member
Susanna Drange Board Member	Stian Sjølund Board Member	Karl Erik Kjelstad Board Member
Geir Atle Sjøberg Board Member	Øyvind Paaske Board Member	Arne Tommy Sigmundstad Board Member
Asle Christian Halvorsen Board Member		

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To the General Meeting of MHWirth AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHWirth AS showing a profit of NOK 164 030 thousand. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). 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 Company as required by laws and regulations, 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Kristiansand, 6 April 2021
KPMG AS

Øystein A. Kvåse
State Authorised Public Accountant

Hydril USA Distribution LLC

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

Hydril USA Distribution LLC

Financial Statements

December 31, 2021 and 2020

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KPMG

KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Directors
Hydril USA Distribution LLC:

Opinion

We have audited the financial statements of Hydril USA Distribution LLC (the Company), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of loss, equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Houston, Texas
August 29, 2022

Hydril USA Distribution LLC

STATEMENTS OF LOSS

(in millions)	December 31, 2021	December 31, 2020
Revenue:		
Sales of goods	$ 103	$ 127
Sales of services	58	82
Total Revenue	161	209
Costs and expenses:		
Cost of goods sold	(69)	(90)
Cost of services sold	(20)	(33)
Selling, general and administrative	(90)	(90)
Goodwill impairment	0	(494)
Total costs and expenses	(179)	(707)
Operating income (loss)	(17)	(498)
Other non-operating income (loss), net	(2)	(0)
Interest expense, net	(0)	(0)
Income (loss) before income taxes and equity in loss of affiliate	(19)	(498)
Equity in loss of affiliate		
Provision for income taxes	(0)	0
Net loss	$ (20)	(498)

See accompanying Notes to Financial Statements

Hydril USA Distribution LLC

STATEMENTS OF FINANCIAL POSITION

(in millions)	December 31, 2021		December 31, 2020	
ASSETS				
Current assets:				
Cash, cash equivalents and restricted cash	$	9	$	0
Current receivables, net		28		38
Inventories, net		96		105
Other current assets		52		195
Total current assets	$	185	$	338
Property, plant and equipment (net of accumulated depreciation)		96		103
Intangible assets		104		126
Other assets		1		35
Total assets	$	387	$	602
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts payable	$	32	$	48
Progress collections and other deferred income		25		18
All other current liabilities		5		8
Total current liabilities	$	62	$	74
Long-term debt		15		0
All other liabilities		11		2
Equity:				
Other Capital		989		989
Accumulated deficit		(690)		(464)
Total shareholder's equity		299		525
Noncontrolling interests				
Total equity		299		525
Total liabilities and equity	$	387	$	602

See accompanying Notes to the Financial Statements

Hydril USA Distribution LLC

STATEMENT OF CASH FLOWS

(in millions)	December 31, 2021	December 31, 2020
Cash flows from operating activities:		
Net loss	$ (20)	$ (498)
Depreciation and amortization	30	31
Goodwill impairment	0	494
Changes in operating assets and liabilities:		
Current Receivables	9	10
Inventories	8	(3)
Other current assets	144	(33)
Other assets	34	(0)
Accounts payable	(17)	(1)
Progress collections and deferred income	7	(2)
Other current liabilities	(3)	(3)
All other liabilities	8	0
Net cash flows provided by / (used in) operating activities	202	(6)
Cash flows from investing activities:		
Additions to property, plant and equipment	(1)	(18)
Disposal to property, plant and equipment	0	13
Liquidation of Korea branch	0	11
Dividends	(206)	0
Net cash flows (used in) / provided by investing activities	(208)	6
Cash flows from financing activities:		
Intercompany loan	15	0
Net cash flows from financing activities	15	0
Increase in cash and cash equivalents	9	(0)
Cash and cash equivalents at beginning of period	0	0
Cash and cash equivalents at end of period	$ 9	$ 0

See accompanying Noted to the Financial Statements

Hydril USA Distribution LLC

STATEMENTS OF EQUITY

(in millions)		Capital In Excess of Par Value	Accumulated Deficit	Total
Balance at December 31, 2019	$	989 $	24 $	1,013
Net Loss		0	(498)	(498)
Capital contribution		0	11	11
Balance at December 31, 2020		989	(464)	525
Net Loss		0	(20)	(20)
Dividend		0	(206)	(206)
Balance at December 31, 2021	$	989 $	(690) $	299

See accompanying Notes to the Financial Statements

Hydril USA Distribution LLC

Notes to Financial Statements

NOTE 1: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Located in Houston, Texas, Hydril USA Distribution LLC (the "Business", or the "Company") is a subsidiary within the HMH Holding BV group. The Company provides integrated drilling products and services worldwide in over 120 countries and across 7 regions. Key product offerings include a portfolio of world-class blow out preventer (BOP) systems, controls and drilling riser equipment complimented by aftermarket services.

The Company's customers are oil and gas operators, drilling contractors and engineering, procurement, and construction (EPC) contractors seeking to undertake new subsea projects, mid-life upgrades and maintenance, well interventions and workover campaigns. The Company provides leading technology solutions for customers operating 20 Kpsi subsea drilling systems, land drilling systems, large-bore gas fields, deepwater and ultra-deepwater oil and gas fields and fields with long tieback distances.

The Company believes that the principal competitive factors in the industries and markets it serves are product and service quality, reliability and on time delivery, health, safety and environmental standards, technical proficiency, availability of spare parts, and price. Its strong track record of innovation enables the Company to enter into long-term, performance-based service agreements with our customers. Our customer base includes ExxonMobil, Shell, BP, Chevron, Maersk, Transocean, Diamond and Valaris.

HMH Holding BV ("HMH") was formed on October 1, 2021 through the merger of Baker Hughes' Subsea Drilling Systems business and Akastor ASA's wholly owned subsidiary, MHWirth AS (MHWirth). As part of the formation of HMH, Baker Hughes and Akastor own equal equity in HMH.

For the periods from January 1, 2020 through September 30, 2021, the Company was an indirect subsidiary of Baker Hughes. At the time of the formation of HMH, the Company recorded a dividend of $206 million, representing the [cash, accounts receivable and other assets] of the Company which were retained by Baker Hughes. Subsequent to the formation of HMH and Baker Hughes' contribution of the SDS business to HMH, the Company is now a wholly-owned indirect subsidiary of HMH. The accompanying financial statements reflect the operations of the Company for the full periods presented, and the change in ownership as a result of the formation of HMH did not impact the overall financial statement preparation or the historical amounts of the accounts presented.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of any contingent assets or liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates and judgments on historical experience and on various other assumptions and information that we believe to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty, and accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. While we believe that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from those estimates. Estimates are used for, but are not limited to, determining the following: allowance for credit losses and inventory valuation reserves; recoverability of long-lived assets, including revenue recognition on long-term contracts, valuation of goodwill; useful lives used in depreciation and amortization; accruals for contingencies; and expense allocations for certain corporate functions.

SUMMARY OF SIGNFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of December 31, 2021, the Company has $10 million of cash held in bank accounts. The Company had a net zero cash balance as of December 31, 2020 due to zero balance cash sweeps accounts as part of the Baker Hughes cash management program.

Trade Account Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. All other balances are reviewed on a pooled basis by industry. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Bad debt allowances as of December 31, 2021 and 2020 approximated $0.4M and $0.7M, respectively. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventories

All inventories are stated at the lower of cost or net realizable values and they are measured on a first-in, first- out (FIFO) basis. As necessary, we record provisions and maintain reserves for excess, slow moving and obsolete inventory. To determine these reserve amounts, we regularly review inventory quantities on hand and compare them to estimates of future product demand, market conditions, production requirements and technological developments.

Property, Plant and Equipment (PP&E)

Property, plant and equipment is initially stated at cost and is depreciated over its estimated economic life. Subsequently, property, plant and equipment are measured at cost less accumulated depreciation, which is generally provided by using the straight-line method over the estimated economic lives of the individual assets, and impairment losses. The estimated useful life of buildings is 8 to 40 years, while the estimated useful lives of machinery and equipment range from 3 to 20 years.

Most PP&E are related to purchased items with limited instances where the Business may manufacture its own test fixtures or build prototype equipment for testing purposes as part of a New Product Introduction or Research and Development program.

Other Intangible Assets

We amortize the cost of other intangible assets over their estimated useful lives unless such lives are deemed indefinite. The cost of intangible assets is generally amortized on a straight-line basis over the asset's estimated economic life. Amortizable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. In these circumstances, they are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required. No impairment was recorded in 2020 or 2021.

Goodwill and Indefinite-Lived Intangible Assets

We perform an annual impairment test of goodwill on a qualitative or quantitative basis for each of our reporting units as of July 1, or more frequently when circumstances indicate an impairment may exist at the reporting unit level. When performing the annual impairment test, we have the option of first performing a qualitative assessment to determine the existence of events and circumstances that would lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If such a conclusion is reached, we would then be required to perform a quantitative impairment assessment of goodwill. However, if the assessment leads to a determination that it is more likely than not that the fair value of a reporting unit is greater than is carrying amount, then no further assessments are required. A quantitative assessment for the determination of impairment is made by comparing the carrying amount of each reporting unit with its fair value, which is generally calculated using a combination of market, comparable transaction, and discounted cash flow approaches. In financial year 2020, an impairment of $494 million was recorded against goodwill. See Note 14.

Income Taxes

The Company is not a tax-paying entity for U.S. federal income tax purposes. Therefore, no provision for federal or state income taxes is made in the accompanying financial statements. The Company is a limited liability company and is treated as an entity "disregarded" as separate from its member owner(s) for U.S. federal income tax purposes. As a result, income and losses of the Company are included in the respective income tax returns of the member owner(s).

The Company is subject to the Texas margin tax which requires combined reporting for all taxable entities, including limited liability companies, that are part of an affiliated group and engaged in a "unitary business". Therefore, the Company made an immaterial provision for Texas margin tax in financial year 2021 and no provision in 2020.

Revenue from Sale of Equipment

Performance Obligations Satisfied Over Time

We recognize revenue on agreements for sales of goods manufactured to unique customer specifications including long-term construction projects, on an over time basis utilizing cost inputs as the measurement criteria in assessing the progress toward completion if falling into certain product categories (e.g. . Our estimate of costs to be incurred to fulfill our promise to a customer is based on our history of manufacturing similar assets for customers and is updated routinely to reflect changes in quantity or pricing of the inputs). We begin to recognize revenue on these contracts when it becomes customized for a customer (i.e. point of non-fungibility), which is reflective of our initial transfer of control of the incurred costs. We provide for potential losses on any of these agreements when it is probable that we will incur the loss.

Our billing terms for these over time contracts vary but are generally based on achieving specified milestones. The differences between the timing of our revenue recognized (based on costs incurred) and customer billings (based on contractual terms) results in changes to our contract asset or contract liability position (i.e. unbilled or deferred revenue position).

Performance Obligations Satisfied at a Point In Time

We recognize revenue for non-customized equipment at the point in time that the customer obtains control of the good. Equipment for which we recognize revenue at a point in time include goods we manufacture on a standardized basis for sale to the market. A geography based lag cutoff table is used at quarter end points to determine whether revenue is recognized for such products within the quarter based on the end destination where the equipment will be used. Controllership periodically reviews the lag cutoff table to assess if any changes should be made to the cut off dates.

Our billing terms for these point in time equipment contracts vary but are generally based on shipment of the goods to the customer, but milestone based billing criteria is also common (e.g. 10% at PO acceptance, etc.)

Revenue from Sale of Services

Performance Obligations Satisfied Over Time

We sell product services under long-term product maintenance. These agreements require us to maintain the customers' assets over the service agreement contract terms, which generally range from 10 to 20 years. In general, these are contractual arrangements to provide services, repairs, and maintenance of a covered unit of equipment normally on drilling rigs. These services are performed at various times during the life of the contract, thus the costs of performing services are incurred on other than a straight-line basis. We recognize related sales based on the extent of our progress toward completion measured by actual costs incurred in relation to total expected costs. We provide for any loss that we expect to incur on any of these agreements when that loss is probable. The Company utilizes historical customer data, prior product performance data, statistical analysis, third-party data, and internal management estimates to calculate contract-specific margins. In certain contracts, the total transaction price is variable based on customer utilization and uptime performance of the covered unit(s), which is excluded from the contract margin until the period that the customer has utilized to appropriately reflect the revenue activity in the period earned.

Our billing terms for these contracts are generally based on asset utilization (i.e. day rate). The differences between the timing of our revenue recognized (based on costs incurred) and customer billings (based on contractual terms) results in changes to our contract asset or contract liability positions.

Performance Obligations Satisfied at a Point In Time

We sell certain tangible products, largely spare parts, which are normally non-customized and ready to sell off the shelf. These spare parts support the maintenance of larger Capital Equipment items purchased by customers. We recognize revenue for this spare parts equipment at the point in time that the customer obtains control of the good, which is at the point in time we deliver the spare part to the customer. Our billing terms for these point in time-contracts vary, but are generally based on shipment of the goods to the customer.

Allowance for Credit Losses

We monitor our customers' payment history and current credit worthiness to determine that collectability of the related financial assets are reasonably assured. We also consider the overall business climate in which our customers operate. For accounts receivable, a loss allowance matrix is utilized to measure lifetime expected credit losses. The matrix contemplates historical credit losses by age of receivables, adjusted for any forward-looking information and management expectations.

Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the Company's customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns.

The Company reviews its allowance for doubtful accounts monthly. Past due balances over 360 days and over a specified amount are reviewed individually for collectability. All other balances are reviewed on a pooled basis by industry. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers

Research and Development

Research and development costs are expensed as incurred. Research and development costs amounted to less than $1 million in 2021, and $6.3 million in 2020.

Contract Assets and Liabilities

Contract assets primarily represent revenue earnings over time that are not yet billable based on the terms of the contracts.

Contract liabilities consist of fees invoiced or paid by the Company's customers for which the associated performance obligations have not been satisfied and revenue has not been recognized based on the Company's revenue recognition criteria described above.

Contract assets and contract liabilities are reported in a net position on an individual contract basis at the end of each reporting period. Contract assets are classified as current in the statements of financial position when the Company expects to complete the related performance obligations and invoice the customers within one year of the statements of financial position date, and as long-term when the Company expects to complete the related performance obligations and invoice the customers more than one year out from the statements of financial position date. Contract liabilities are classified as current in the statements of financial position when the revenue recognition associated with the related customer payments and invoicing is expected to occur within one year of the statements of financial position date and as long-term when the revenue recognition associated with the related customer payments and invoicing is expected to occur in more than one year from the statements of financial position date.

Environmental Liabilities

We are involved in numerous remediation actions to clean up hazardous waste as required by federal and state laws. Liabilities for remediation costs exclude possible insurance recoveries and, when dates and amounts of such costs are not known, are not discounted. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. It is reasonably possible that our environmental remediation exposure will exceed amounts accrued. However, due to uncertainties about the status of laws, regulations, technology, and information related to individual sites, such amounts are not reasonably estimable. The determination of the required accruals for remediation costs is subject to uncertainty, including the evolving nature of environmental regulations and the difficulty in estimating the extent and type of remediation activity that is necessary. The reserve for the environmental liability at December 31, 2021 and 2020 is $4.2 million and $0 respectively.

NEW ACCOUNTING STANDARDS ADOPTED

No new accounting standards were adopted during the years ended December 31, 2021 or 2020.

NEW ACCOUNTING STANDARDS TO BE ADOPTED

All other new accounting pronouncements that have been issued but not yet effective are currently being evaluated and at this time are not expected to have a material impact on our financial position or results of operations.

NOTE 2: REVENUE RELATED TO CONTRACT WITH CUSTOMERS

The Company has established commercial organizations, including a sales force, to support sales directly. The following table disaggregates total net sales from external customers by geographic location. Net sales by geographic region are based on the location to where the product was shipped for the period ended December 31, 2021.

No single customer accounted for more than 20% of the Company's sales in 2021 or 2020, or accounts receivable at December 31, 2021 or 2020.

DISAGGREGATED REVENUE

We disaggregate our revenue from contracts with customers by primary geographic markets:

Total Revenue		2021	2020
U.S.	$	77	93
Non-U.S		84	116
Total	$	161	209

NOTE 3: CURRENT RECEIVABLES

Current receivables are comprised of the following at December 31, 2021 and 2020:

		2021	2020
Customer receivables	$	21	27
Other		1	2
Intercompany		6	10
Total current receivables		29	39
Less: Allowance for credit losses		(0)	(1)
Total current receivables, net		28	38

Customer receivables are recorded at the invoiced amount and do not bear interest. The "Other" category consists primarily of indirect taxes, advance payments to suppliers, other tax receivables and customer retentions.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT (PP&E)

Property, plant and equipment are comprised of the following at December 31, 2021 and 2020:

	Useful Life		2021	2020
Land and improvements		$	15	15
Buildings, structure and related equipment	8-40 years		68	68
Machinery, equipment and other	3-20 years		124	123
Total Cost			207	206
Less: Accumulated Depreciation			(111)	(103)
Property, plan and equipment less accumulated depreciation		$	96	103

Total depreciation for the years ended December 31, 2021 was $9 million.

The Company capitalizes costs associated with the acquisition or development of major software for internal use in other assets in the Statements of financial position and amortizes the assets over the expected life of the software, generally between 3 and 7 years. The Company only capitalizes subsequent additions, modifications, or upgrades to internal-use software to the extent that such changes allow the software to perform a task it previously did not perform. The Company expenses software maintenance and training costs as incurred.

NOTE 5: INTANGIBLE ASSETS

Intangible assets are comprised of the following at December 31, 2021 and 2020:

	2021			2020		
	Gross Carrying Amount	Accumulated Depreciation	Net	Gross Carrying Amount	Accumulated Depreciation	Net
Customer relationships	$ 317 $	(226) $	91 $	317 $	(212) $	105
Trade names and trademarks	34	(23)	11	34	(22)	12
Capitalize software	33	(33)	0	31	(27)	4
Other	31	(29)	2	31	(26)	5
Finite-live intangible assets [1]	415	(311)	104	413	(287)	126
Indefinite-live intangible assets						
Total intangible assets	$ 415 $	(311) $	104 $	413 $	(287) $	126

(1) For the years ended December 31, 2021 and 2020 we recorded no impairment related to intangible assets (excluding goodwill, see Note 14).

Intangible assets are generally amortized on a straight-line basis with estimated useful lives ranging from one to 30 years. Amortization expense was $22 million and $23 million for the years ended December 31, 2021 and 2020, respectively.

Estimated amortization expense for each subsequent five fiscal years is expected to be as follows:

Year		Estimated Amortization Expense
2022	$	18
2023		16
2024		16
2025		16
2026		16

NOTE 6: CONTRACT AND OTHER DEFERRED ASSETS

Contract assets reflect revenue earned in excess of billings on our long-term contracts to construct technically complex equipment, long-term product maintenance or extended warranty arrangements and other deferred contract related costs. During the time the Company was a subsidiary of Baker Hughes, the Company's cash was pooled at a higher level within the Baker Hughes' group. As of December 31, 2020, the cash pool amount totaled $141 million, which is shown as a short-term loan in the table below. Prior to HMH's formation, the Company recorded a dividend of the cash pool amount, as it was retained by Baker Hughes. Contract assets are comprised of the following at December 31:

		2021	2020
Contract assets (total revenue in excess of billings) [2]	$	51	54
Short-term loan		-	141
Other assets		1	-
Contract and other deferred assets	$	52	195

[2] Reflects revenue earned in excess of billings on our long-term contracts to construct technically complex equipment and certain other service agreements.

NOTE 7: PROGRESS COLLECTIONS AND DEFERRED INCOME

Contract liabilities include progress collections, which reflects billings in excess of revenue, and deferred income on our long-term contracts to construct technically complex equipment, long-term product maintenance or extended warranty arrangements. Contract liabilities are comprised of the following at December 31:

	2021	2020
Progress collections	24	16
Deferred income	1	2
Progress collections and deferred income (contract liabilities)	25	18

NOTE 8: BORROWINGS

The Company entered into a $15 million loan agreement with MHH Holdings B.V as of October 1, 2021. The loan has a 2-year term, with the full principal amount maturing on October 1, 2023, and has a fixed 5% annual interest rate.

NOTE 9: INCOME TAXES

The Company is not liable for any federal or state income taxes. The Company is, however, subject to Texas margin tax and other state de minimis taxes applicable to limited liability companies. For financial year 2021 and 2020 such taxes were immaterial.

NOTE 10: RELATED PARTY TRANSACTIONS

Baker Hughes provided certain services, such as legal, accounting, information technology, human resources and other infrastructure support, on behalf of the Company. The charges have been allocated to the Company based on headcount, revenue and number of transactions or other reasonable measures. This is through a transactional service agreement (TSA), which is billed monthly. The TSA will continue until September 30, 2022, at which point the company will no longer be reliant on certain activities provided by Baker Hughes, which are predominately related to IT. The Company and Baker Hughes consider the allocations to be a reasonable reflection of the benefits received by the Business. Billings for management costs and corporate support services totaled $4.1 million and $0, for the period ended December 31, 2021 and 2020, respectively. These costs have been recorded within Selling, general and administrative expenses in the combined statements of loss The financial information in these combined financial statements does not necessarily include all the expenses that would have been incurred by the Business had it been a separate, stand-alone entity.

Related party sales to Baker Hughes and its non-SDS affiliates would be recorded in "Revenues" in the combined statements of income. All related party receivables and payables due from or due to Baker Hughes are included as a component of "All other current assets" or "All other current liabilities" in the combined statements of financial position. The related party net payable balances between the Company and Baker Hughes are $7.4 million and $21.1 million as of December 31, 2021 and 2020, respectively.

NOTE 11: ENVIROMENTAL LIABILITIES

The Business has recorded a $4.3M Health Safety and Environment (HSE) reserve as of December 31, 2021 related to two on-going projects at the Humble Hydril plant: 1) contaminated soils have been removed and reports submitted to the EPA and TCEQ and 2) investigation of the chlorinated hydrocarbon plume. The reserve for the environmental liability is zero as of December 31, 2020 and $4.3M as of December 31, 2021.

NOTE 12: SUPPLEMENTAL INFORMATION

PRODUCT WARRANTIES

The Company provides for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, claims costs may differ from amounts provided. Overall product warranties at December 31, 2021 and 2020 were less than $1 million for each period.

NOTE 13: GOODWILL IMPAIRMENT

For the periods prior to the contribution to and formation of HMH on October 1, 2021, the Company was a subsidiary of Baker Hughes. As such, the Company was part of the overall Baker Hughes annual goodwill impairment test for each of the Baker Hughes reporting units as of July 1 of each fiscal year. In addition to the annual impairment test, Baker Hughes management also tested goodwill for impairment between annual impairment dates whenever events or circumstances occur which, in management's judgment, could more likely than not reduce the fair value of a reporting unit below its carrying value. In performing the evaluation, Baker Hughes management considers potential impairment indicators including, but are not limited to, (i) the results of the most recent annual or interim impairment testing, in particular the magnitude of the excess of fair value over carrying value observed, (ii) downward revisions to internal forecasts, and the magnitude thereof, if any, and (iii) declines in Baker Hughes' market capitalization below its book value, and the magnitude and duration of those declines, if any.

During the first quarter of 2020, Baker Hughes' market capitalization declined significantly compared to the fourth quarter of 2019, as well as other volatility within the industry. These declines were driven by the uncertainty surrounding the outbreak of the coronavirus (COVID-19) and other macroeconomic events such as the geopolitical tensions between OPEC and Russia, which also resulted in a significant drop in oil prices. Based on these factors, Baker Hughes management concluded that a triggering event occurred and, accordingly, an interim quantitative impairment test was performed on all reporting units, including the Company, as of March 31, 2020 ("testing date").

In performing the interim quantitative impairment test as of March 31, 2020 and consistent with prior practice, management determined the fair value of each of reporting unit using a combination of the income approach and the market approach by assessing each of these valuation methodologies based upon availability and relevance of comparable company data and determining the appropriate weighting.

Under the income approach, the fair value was determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. Management used internal forecasts, updated for recent events, to estimate future cash flows with cash flows beyond the specific operating plans estimated using a terminal value calculation, which incorporates historical and forecasted trends, including an estimate of long-term future growth rates, based on management's most recent views of the long-term outlook for each reporting unit. The internal forecasts include assumptions about future commodity pricing and expected demand for the company's goods and services. Due to the inherent uncertainties involved in making estimates and assumptions, actual results may differ from those assumed in our forecasts.

Valuations using the market approach were derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses was based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services.

Based upon the results of the interim quantitative impairment test performed as of March 31, 2020, management concluded that the carrying value of the Company's goodwill exceeded its estimated fair value as of the testing date, which resulted in goodwill impairment charges of $494 million. The goodwill impairment was calculated as the amount that the carrying value of the reporting unit, including any goodwill, exceeded its fair value. This brought the company's goodwill balance to zero as of December 31, 2020.

Note 14: Contingencies

As of December 31, 2021, the Company, together with other related parties, jointly and severally guaranteed to repay a debt of HMH, the Company's ultimate holding company, in the event that timely payments of the loan by HMH are not made. The guarantee is limited to $360 million, of which, $150 million is a bridge facility. The Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. As such, the guarantee issued is not expected to have a material effect on the amount, timing and uncertainty of the Company's future cashflows.

In addition to the above, the Company's ordinary shares are pledged HMH as financial guarantees for its liabilities to a financial institution.

Note 15: Subsequent Events

On February 16, 2022, HMH partially refinanced its existing loan facility, which the Company was a guarantor of, with another loan. The Company provided a further guarantee to repay HMH's new loan in the event that timely payments of the loan by HMH are not made. The new guarantee is limited to $150 million, to replace the $150 million bridge facility. The Company's ordinary shares were pledged under this new arrangement in addition to the pledge existing as of December 31, 2021. In accordance with an intercreditor agreement, the ordinary shares pledged shall rank and secure the liabilities pari passu and without any preference between them.

The Company has evaluated subsequent events from the Statements of financial position date through August 29, 2022 the date at which the financial statements were available to be issued and determined there are no other items to disclose.

Registration number: 01418491

Hydril PCB Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021

Hydril PCB Limited

Contents

Hydril PCB Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2021.

Business Review

The profit for the year, after taxation, amounted to £10,619,000, (2020: profit £14,704,000) on turnover of £26,338,000 (2020: £32,633,000) in the year.

Market leading product development ensures that the company is involved in new and emerging programs in its chosen fields of expertise of repair and rectification of original equipment manufacturer (OEM) supplied drilling and well control equipment and sale of component parts. The future economic outlook for the oil & gas sector is mixed with fluctuations in the oil price expected, as a result of increased supply and reduced demand which will have a knock on effect on the demand for the company's products and services in the coming years.

Effective 1st October 2021, the company became a subsidiary of MH Wirth UK Limited, after transfer of its' shares from Hydril Pressure Control Business Limited. This resulted in the creation of a new joint venture between Akastor ASA and Baker Hughes Holdings LLC.

Principal risks and uncertainties
The key risks faced by the company include:

a) General economic environment
The general economic environment influences the sale of our products to customers. Reductions in demand for oil and gas as a result of changes in the economy have a knock on effect on demand for the company's products and services.

b) Actions of competitors
The company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor.

c) Foreign currency risk
The company deals in multiple currencies which can cause foreign exchange risk. There is a risk that there may be an adverse movement in the exchange rate of the transaction currency in relation to the functional currency before the date when the transaction is completed.

d) Effect of legislation or other regulatory action
The company is subject to a broad range of laws, regulations and standards in each of the jurisdictions in which it operates. Unexpected changes in these laws or regulations could significantly impair performance; equally, a failure to comply with these laws, regulations or standards could damage the reputation of the company.

e) Raw material prices
The company's products contain various raw materials or purchased components. Any increases or volatility in prices and shortages in supply can affect the company's performance. The diversity of operations reduces the dependence on any single item or supplier. Purchasing policies take into account and seek to mitigate such risks where practicable.

f) Credit
Credit risk is derived from cash, extension of credit and liquidity of the company which are solely managed by the ultimate parent company.

Strategic Report (continued)

g) Economic risk
At the date of signing this report, the UK is experiencing and expected to continue to experience high inflation as a consequence of the global impact of the situation in Ukraine. The directors continue to closely monitor and review potential risk to the company from the longer term effects of increased costs.

h) Climate change
The Company has proactively worked to reduce greenhouse gas emissions over the last decade and continues efforts to reduce its overall environmental footprint by using materials wisely and preserving land, water, and air quality

i) COVID-19
The emergence and spread of the coronavirus (COVID-19) in 2020 and 2021 has affected business and economic activity globally. The directors continue to assess and monitor the potential impact of the virus and review the potential risks to the company.

Risk factors being considered by the directors, include, but are not limited to:

- availability of workforce due to self-isolation,
- delays in deliveries to sites leading to gaps in production,
- delays in customer acceptance due to limited availability of personnel,
- delays in delivery of products to customer,
- impact of global Government measures to control the virus, including lockdown situations that could impact the supply chain, and
- potential for customers to cancel future projects.

The company is in continuous engagement with its customers and has implemented additional monitoring of customer and debtor situations for indicators of risk.

The oil and gas industry is explicitly identified as critical by the UK and Scottish governments and as such where employees cannot work from home and are identified as critical workers then they continue to work as normal to meet our customer obligations.

j) Going concern
For the purposes of the directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the directors have prepared a cash flow forecasts for the period to 31 December 2023. The company has been profitable and cash generative. This has continued in 2022 up to the date of issue of these financial statements. The Company's forecasts indicate that it will remain cash generative over the going concern forecast period, and will be able to meet its financial obligations as they fall due without requiring new finance.

These forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic which may delay customer orders and cash receipts, the company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Hydril PCB Limited

Strategic Report (continued)

Financial key performance indicators

Performance during the year is set out in the table below:	2021 £'000	2020 £'000
Turnover	26,338	32,633
Gross profit percentage	57.44%	57.90%

The company has seen a decrease in turnover during the year, due to a decrease in sales of goods. Turnover relating to services has increased marginally compared to the prior year. Although revenue has decreased overall the company continues to deliver a strong gross profit margin and profit for the year.

Approved by the Board on 31 August 2022 and signed on its behalf by:

....
DAVID BRATTON
Director

Hydril PCB Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company is the repair and rectification of OEM supplied drilling and well control equipment, sale of component parts and provision of service technicians to customer site.

Results and dividends
The profit for the year, after taxation, amounted to £10,619,000 (2020: profit £14,704,000).

On 16 September 2021, a dividend of £75,000,000 (2020: nil) was declared and paid to its parent Hydril Pressure Control Business Limited.

Directors of the company
The directors who held office during the year and up to the directors' report were as follows:

A M C Sloan (resigned 31 December 2021)
Erica Salvadori (resigned 31 October 2021)
David Bratton (appointed 31 December 2021)
Eugene Chauviere III (appointed 31 December 2021)
James Connelly (appointed 31 December 2021)

Directors' indemnities
One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at date of approving in the directors' report.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors
The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 31 August 2022 and signed on its behalf by:

....

David Bratton
Director

Hydril PCB Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Hydril PCB Limited

Opinion

We have audited the financial statements of Hydril PCB Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user and those posted to unusual or seldom used accounts.
- Revenue cut-off tests over the year end period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, import and export regulations, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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 Jaw, 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.

Michelle Smarsh.

Michelle Smarsh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
I Marischal Square
Broad Street
Aberdeen
ABIO IDD
Date: 31 August 2022

Hydril PCB Limited

Profit and Loss Account and Other Comprehensive Income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	26,338	32,633
Cost of sales		(11,209)	(13,737)
Gross Profit		15,129	18,896
Distribution expenses and selling costs		(9)	(149)
Administrative expense		(700)	(739)
Operating profit	5	14,420	18,008
Other income		-	15
Interest receivable and similar income	6	58	206
Interest payable and similar expenses	7	(2)	(67)
Profit before taxation		14,476	18,162
Tax on profit	11	(3,857)	(3,458)
Profit for the year		10,619	14,704
Other comprehensive income		-	-
Total comprehensive income for the year		10,619	14,704

The above results were derived from continuing operations.

The notes on pages 16 to 31 form an integral part of these financial statements

Hydril PCB Limited

Balance Sheet
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	12	11	13
Investments	13	98	-
		109	13
Current assets			
Stocks	14	2,667	3,153
Debtors: amounts falling due within one year	15	11,682	84,862
Debtors: amounts falling due after more than one year	16	2,234	-
Cash at bank in hand		7,162	828
		23,745	88,843
Creditors: amounts falling due within one year	17	(12,734)	(13,355)
Net current assets		11,011	75,488
Net assets		11,120	75,501
Capital and reserves			
Called up share capital	19	6,057	6,057
Employee share based equity reserve		1	1
Merger reserve		(3,286)	(3,286)
Profit and loss account		8,348	72,729
Shareholder's funds		11,120	75,501

Approved by the Board on 31 August 2022 and signed on its behalf by:

....

David Bratton
Director

The notes on pages 16 to 31 form an integral part of these financial statements

Hydril PCB Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital	Employee share based equity reserve	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	6,057	1	(3,286)	72,729	75,501
Comprehensive income for the year					
Profit for the year	-	-	-	10,619	10,619
Other comprehensive income	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(75,000)	(75,000)
At 31 December 2021	6,057	1	(3,286)	8,348	11,120

	Called up share capital	Employee share based equity reserve	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	6,057	1	(3,286)	58,025	60,797
Comprehensive income for the year					
Profit for the year	-	-	-	14,704	14,704
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,704	14,704
At 31 December 2020	6,057	1	(3,286)	72,729	75,501

The notes on pages 16 to 31 form an integral part of these financial statements

Hydril PCB Limited

Cash flow statement
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Operating activities			
Profit for the year		10,619	14,704
Adjustments for:			
- Interest income	6	(58)	(206)
- Interest expense	7	2	67
- Depreciation of property, plant & equipment	12	2	4
Operating cash flow before working capital charges		10,565	14,569
Decrease/(Increase) in:			
- Stocks	14	486	510
- Trade and other debtors	15, 16	70,946	(17,868)
- Trade and other payables	17	(621)	3,449
Cash generated from operations		81,376	660
Interest paid	7	(2)	(67)
Interest received	6	58	206
Net cash from operating activities		81,432	799
Cash flows from investing activities			
Acquisition of fixed asset investment	13	(98)	-
Net cash used in investing activities		(98)	-
Cash flows from financing activities			
Dividends paid	19	(75,000)	-
Net cash used in financing activities		(75,000)	-
Net increase in cash and cash equivalents		6,334	799
Cash and cash equivalents at the beginning of the year		828	29
Cash and cash equivalents at the end of the year		7,162	828

The notes on pages 16 to 31 form an integral part of these financial statements

Hydril PCB Limited

Notes to the Financial Statements

1. General information

The company is a private company limited by share capital, registered in England with company number 01418491, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
c/o TMF Group
8th Floor
20 Farringdon Street
London
EC4A 4AB

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101') and the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of UK adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

Exemption from preparing group accounts
The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of HMH Holding B.V. which are available from Weerdestein 97, 1083 GG Amsterdam, The Netherlands.

Hydril PCB Limited

Notes to the Financial Statements

2. Accounting policies (continued)

Basis of measurement
The financial statements have been prepared on the historical cost basis.

Summary of disclosure exemptions
The company has taken advantage of the following disclosure exceptions under FRS 101:
-the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
-the requirement of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
-the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
-the requirements of IFRS 7 Financial Instruments: Disclosures;
-the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
-the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
-the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of;
-paragraph 79(a)(iv) of IAS 1;
-paragraph 73(e) of IAS 16 Property, Plant and Equipment;
-paragraph 118(e) of IAS 38 Intangible Assets, and;
-paragraphs 76 and 79(d) of IAS 40 Investment Property;
-the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 400, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
-the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
-the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
-the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions wholly owned by such a member; and
-the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Going concern
For the purposes of the directors' assessment of the Company's going concern position and to satisfy them of the Company's ability to pay its liabilities as they fall due, the directors have prepared a cash flow forecasts for the period to 31 December 2023. The company has been profitable and cash generative. This has continued during 2022 up to the date of issue of these financial statements. The Company's forecasts indicate that it will remain cash generative over the going concern forecast period, and will be able to meet its financial obligations as they fall due without requiring new finance.

These forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic which may delay customer orders and cash receipts, the company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the Financial Statements

2. Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the sale of component parts for OEM supplied drilling and well control equipment. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The company also earns revenue from the provision of services relating to the repair and recertification of OEM supplied drilling and well control equipment. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

The main performance obligations to customers are satisfied when the supply of goods and services have transferred to the customer and the customer has control of these.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss account.

Hydril PCB Limited

Notes to the Financial Statements

2. Accounting policies (continued)

Tax
Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation and any accumulated impairment losses.

Depreciation
Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	**Estimated useful life**
Plant and machinery	10 years

Stocks
Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Investments
Investments in group undertakings are shown at cost less provision for any impairment.

At each balance sheet date the company reviews the carrying amount of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment estimated based on its fair value less costs of disposal (for which its net asset value may be used as a reasonable proxy) and value in use. Where the recoverable amount of the investment is less than carrying value, an impairment loss is recognised in profit and loss account in the period.

Notes to the Financial Statements

2. Accounting policies (continued)

Financial instruments

Initial recognition
The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement
Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss.

Financial liabilities are classified into one of the following two categories:

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Notes to the Financial Statements

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost (continued)
If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Cash and cash equivalents comprise cash balances and call deposits.

Financial assets at fair value through other comprehensive income
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVPTL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Impairment of financial assets
The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)
The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Share based payments
Until 30 September 2021, Baker Hughes Company granted share options and restricted stock units to certain employees and executives of the company. The fair value of options and units granted were recognised as an employee expense with a corresponding increase in equity, 'other reserve account'.

The fair value was measured at grant date using the Black-Scholes option pricing model, and was recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense was adjusted to reflect the actual number of options/units expected to vest. Any recharges by Baker Hughes Company are offset against the 'other reserve'.

In addition, up until 30 September 2021, the company had established an employee share ownership scheme under which employees were able to acquire a number of shares in the Baker Hughes Company with the company matching the employees' purchases. The company's costs of these purchases were charged to the profit and loss account as incurred.

3. Critical accounting judgements and key sources of estimated uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairment of trade debtors
The company makes an estimate of the recoverable value of trade and other debtors when assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile of the debtors and historical experiences. See note 15 for the net carrying amount of the receivables.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimated uncertainty (continued)

Stock provisioning
The company designs, manufactures and sells advanced technical products and is subject to changing consumer demands and technological advances. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of stock.

4. Turnover

The analysis of the company's turnover for the year is as follows:

	2021	2020
	£'000	£'000
Sale of goods	10,139	14,201
Provision of services	16,199	18,432
	26,338	32,633

A geographical analysis of turnover is as follows:

	2021	2020
	£'000	£'000
United Kingdom	5,586	8,658
European Union	12,209	12,896
USA	278	423
Rest of world	8,265	10,656
	26,338	32,633

5. Operating profit

Operating profit is stated after crediting

	2021	2020
	£'000	£'000
Difference on foreign exchange	(392)	(369)

Notes to the Financial Statements

6. Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest from group companies	58	206

7. Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest due to group companies	2	67

8. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	1,659	1,798
Social security costs	190	181
Other pension costs (note 17)	213	156
Share-based payment expense	2	2
	2,064	2,137

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Selling, service and distribution	30	30
	30	30

9. Directors' remuneration

The directors who served during the current and prior year were employees of another group company. The directors have estimated that the amounts received in respect of qualifying services for the entity to be £2,000 each (2020: £2,000 each).

Hydril PCB Limited

Notes to the Financial Statements

10. Auditor's remuneration

	2021 £'000	2020 £'000
Audit of the financial statements	68	55

11. Taxation

Tax charged/(credited) in the Profit and Loss account

	2021 £'000	2020 £'000
Current taxation		
UK corporation tax	2,745	3,454
Adjustments in respect of prior periods	1,096	13
Foreign tax relief	-	(15)
Foreign tax suffered	11	19
Total current tax	3,852	3,471
Deferred taxation		
Origination and reversal of temporary differences	7	(3)
Effects of changes to tax rates	(2)	(1)
Adjustments in prior years	-	(9)
Total deferred taxation	5	(13)
Tax expense in the profit and loss account	3,857	3,458

Notes to the Financial Statements

11. Taxation (continued)

The standard rate of tax for the year, based on the average UK standard rate of corporation tax, is 19% (2020: 19%). The actual current tax charge for the preceding year differs for the reasons set out in the following reconciliation.

The differences between the tax charge shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax are as follows:

	2021 £'000	2020 £'000
Profit before tax	14,476	18,162
Corporation tax at standard rate	2,750	3,451
Effects of overseas tax rates	11	3
Adjustments in respect of prior year	1,096	4
Expenses not deductible	2	1
Effect of changes to tax rates	(2)	(1)
Total tax charge	3,857	3,458

Factors that may affect future tax charges

In September 2021, the UK tax authorities settled their claims which would have disallowed interest deductions claimed by other group companies for years from 2007 through 2015. The settlement does not impact the losses surrendered against the taxable income of Hydril PCB Limited in prior years and therefore there is no financial impact upon the company nor any residual risk of potential economic outflow.

Notes to the Financial Statements

11. Taxation (continued)

Deferred tax

Deferred tax movement during the year

	At 1 January 2021 £'000	Recognised in income £'000	At 31 December 2021 £'000
Accelerated tax depreciation	1	-	1
Deferred tax charge for the period	10	(5)	5
Net tax assets/(liabilities)	11	(5)	6

Deferred tax movement during the year

	At 1 January 2020 £'000	Recognised in income £'000	At 31 December 2020 £'000
Accelerated tax depreciation	1	-	1
Deferred tax charge for the period	(3)	13	10
Net tax assets	(2)	13	11

Hydril PCB Limited

Notes to the Financial Statements

12. Tangible fixed assets

	Plant & Machinery £'000
Cost	
At 1 January 2021	26
At 31 December 2021	26
Depreciation	
At 1 January 2021	13
Charge for the year	2
At 31 December 2021	15
Net book value	
At 31 December 2021	11
At 31 December 2020	13

13. Fixed asset investments

	Investments in group undertakings £'000
Cost	
At 1 January 2021	-
At 31 December 2021	-
Additions	
At 1 January 2021	-
Additions during the year	98
At 31 December 2021	98
Net book value	
At 31 December 2021	98
At 31 December 2020	-

Notes to the Financial Statements

13. Fixed asset investments *(continued)*

Details of the group undertakings as at 31 December 2021 are as follows:

Name	Registered office	Class of shares held	Proportion of ownership interest
Hydril Pressure Controlling Arabia Limited	P.O. Box 3265, Dammam, Saudi Arabia 33210	Ordinary	100%

14. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	185	100
Work in progress	51	233
Finished goods	2,431	2,820
	2,667	3,153

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £8,312,000 (2020:£11,647,000).

15. Debtors

	2021 £'000	2020 £'000
Due within one year		
Trade debtors	5,007	4,412
Amounts owed by group undertakings	5,930	78,776
Amounts recoverable on contracts	586	1,086
Other debtors	153	577
Deferred tax (note 11)	6	11
	11,682	84,862

Notes to the Financial Statements

16. Debtors: Amounts falling due after more than year

	2021 £'000	2020 £'000
Due after more than one year		
Amounts owed by group undertakings	2,234	-

Amounts owed by group companies are subject to interest at USD-LIBOR-BBA + 3.05%.

17. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,943	1,470
Accruals and deferred income	32	13
Amounts owed to group undertakings	8,611	10,655
Other creditors	389	136
Corporation Tax	880	-
Social security and other taxes	879	1,081
	12,734	13,355

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £213,000 (2020:£156,000), in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

19. Share capital

Allotted called up and fully paid shares

	2021 No.000	2021 £'000	2020 No.000	2020 £'000
Ordinary shares of £1 each	6,057	6,057	6,057	6,057

On 16th September 2021, the board recommended a dividend of £75,000,000 to Hydril Pressure Control Business Limited. This has subsequently been paid on 22nd September 2021.

Hydril PCB Limited

Notes to the Financial Statements

20. Ultimate parent undertaking and controlling party

On 1st October, the ultimate parent company changed to HMH Holding B.V., incorporated in the Netherlands. Prior to this the Company was a subsidiary of Hydril Pressure Control Business Limited, incorporated in the United Kingdom and the company's ultimate parent company was Baker Hughes Company, incorporated in Delaware.

Effective 1st October 2021, the company became a subsidiary of MH Wirth UK Limited, after transfer of its' shares from Hydril Pressure Control Business Limited. As a result of the transfer, the company is part of the newly formed joint venture between Akastor ASA and Baker Hughes Holdings LLC.

21. Contingent liabilities

On 28th October 2021, as a consequence of the funding requirements required to fund the joint venture, the company agreed to guarantee up to £4,002,000 in liabilities owed by the group to DNB Bank ASA in the form of loans and revolving credit facilities.

As at 31 December 2021, the Company, together with other related parties, jointly and severely guaranteed to repay a debt of its ultimate holding company in the event that timely payments of the loan by the ultimate holding company are not made. The guarantee is limited to £272,386,800 equivalent of $360,000,000 (2020: £Nil). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. As such, the guarantee issued would not have a material effect on the amount, timing and uncertainty of the Company's future cashflows.

In addition to the above, the Company's ordinary shares are pledged by the ultimate holding company as financial guarantees for its liabilities to a financial institution.

As at 31 December, there was also a duty deferment guarantee amounting to £200,000 (2020: £nil) issued on behalf of the company.

22. Subsequent events

On 16 February 2022, the ultimate holding company partially refinanced its existing loan facility, which the Company was a guarantor of, with another loan. The Company provided a further guarantee in the refinanced loan facility to repay the ultimate holding company's new loan in the event that timely payments of the loan by the ultimate holding company are not made. The new guarantee is limited to £113,494,500 equivalent of $150,000,000. The Company's ordinary shares were pledged under this new arrangement in addition to the pledge existing as at 31 December 2021 as disclosed in note 21 Contingent liabilities. In accordance with an inter-creditor agreement, the ordinary shares pledged shall rank and secure the liabilities equally and without any preference between them.

Registration number: 01418491

Hydril PCB Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2020

Hydril PCB Limited

Contents

Hydril PCB Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Business Review

The profit for the year, after taxation, amounted to £14,704,000, (2019: profit £14,458,000) on turnover of £32,633,000 (2019: £36,620,000) in the year.

Market leading product development ensures that the company is involved in new and emerging programs in its chosen fields of expertise of repair and rectification of original equipment manufacturer (OEM) supplied drilling and well control equipment and sale of component parts. The future economic outlook for the oil & gas sector is mixed with fluctuations in the oil price expected, as a result of increased supply and reduced demand which will have a knock on effect on the demand for the company's products and services in the coming years.

Principal risks and uncertainties
The key risks faced by the company include:

a) General economic environment
The general economic environment influences the sale of our products to customers. Reductions in demand for oil and gas as a result of changes in the economy have a knock on effect on demand for the company's products and services.

b) Actions of competitors
The company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor.

c) Foreign currency risk
The company deals in multiple currencies which can cause foreign exchange risk. There is a risk that there may be an adverse movement in the exchange rate of the transaction currency in relation to the functional currency before the date when the transaction is completed.

d) Effect of legislation or other regulatory action
The company is subject to a broad range of laws, regulations and standards in each of the jurisdictions in which it operates. Unexpected changes in these laws or regulations could significantly impair performance; equally, a failure to comply with these laws, regulations or standards could damage the reputation of the company.

e) Raw material prices
The company's products contain various raw materials or purchased components. Any increases or volatility in prices and shortages in supply can affect the company's performance. The diversity of operations reduces the dependence on any single item or supplier. Purchasing policies take into account and seek to mitigate such risks where practicable.

f) Credit
Credit risk is derived from cash, extension of credit and liquidity of the company which are solely managed by the ultimate parent company.

Hydril PCB Limited

Strategic Report (continued)

g) Economic risk
The UK left the EU on 31st January 2020, having signed the EU-UK trade and Cooperation agreement on 30th December 2020. The directors continue to closely monitor and review potential risk to the company from the longer term political and economic effects of Brexit.

h) Climate change
The Company has proactively worked to reduce greenhouse gas emissions over the last decade and continues efforts to reduce its overall environmental footprint by using materials wisely and preserving land, water, and air quality

i) COVID-19
The emergence and spread of the coronavirus (COVID-19) in 2020 has affected business and economic activity globally. The directors continue to assess and monitor the potential impact of the virus and review the potential risks to the company.

Risk factors being considered by the directors, include, but are not limited to:

- availability of workforce due to self-isolation,
- delays in deliveries to sites leading to gaps in production,
- delays in customer acceptance due to limited availability of personnel,
- delays in delivery of products to customer,
- impact of global Government measures to control the virus, including lockdown situations that could impact the supply chain, and
- potential for customers to cancel future projects.

The company is in continuous engagement with its customers and has implemented additional monitoring of customer and debtor situations for indicators of risk.

The oil and gas industry is explicitly identified as critical by the UK and Scottish governments and as such where employees cannot work from home and are identified as critical workers then they continue to work as normal to meet our customer obligations.

j) Going concern
For the purposes of the directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the directors have prepared a cash flow forecasts for the period to 31 December 2022. The company has been profitable and cash generative. This has continued in 2021 up to the date of issue of these financial statements. The Company's forecasts indicate that it will remain cash generative over the going concern forecast period, and will be able to meet its financial obligations as they fall due without requiring new finance.

These forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic which may delay customer orders and cash receipts, and allowing for the effect of dividends paid subsequent to the year end (note 19), the company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Strategic Report (continued)

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations require the company to report how the directors of the company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172") during the reporting period.

Section 172 is owed by the directors to the company. In the context of a group, being the Baker Hughes group of companies, the company's directors owe their duty to the company and not the parent company. The Board recognises that the overall framework that Section 172 promotes is to drive the long-term success and economic viability of the company for the benefit of its sole shareholder and other key stakeholders.

The directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of their Section 172 duties under the Act. The Board are provided periodic updates to governance as part of their wider business roles within the company. Our directors always consider whether the decision they are about to take leads to a positive long-term increase in the value of the company for the benefit of the shareholder and the company's wider stakeholder base.

The long-term

The company and the board strive to create value for its shareholders in the medium and long-term and to take into account interests of their wider stakeholder base and the impact of their decisions on these stakeholders and their interests. In order to achieve this objective the company implements and makes decisions which are aligned with the core values of Baker Hughes. In line with its purpose, providing the repair and rectification of OEM supplied drilling and well control equipment, the sale of component parts and provision of service technicians to customer sites, the company's aim is to build a successful and sustainable business for the benefit of its direct and ultimate shareholders and other stakeholders.

The board of directors of the company have delegated risk management arrangements informally throughout the relevant functions of the company. Oversight is maintained via a number of informal channels. The directors are supported by management who conduct risk assessments and ensure that matters passed to the board to consider have been subject to required approvals and have gone through the appropriate channels.

Board composition and decision making

The board of the company is composed of representatives from the finance and tax functions as well as function leads. The board informally delegates authority to hr, tax, legal and finance and operational employees to support the directors in carrying out their function in relation to shareholders, employees, suppliers, customers and other key stakeholders.

Directors are informally apprised of the decisions taken by the relevant functions. Product line leaders provide information to employees, in the form of written newsletters, covering various aspects of the company's current and future activities along with certain financial information. In addition, there are regular formal and informal meetings, notice board postings and employee representatives are consulted regularly on matters affecting their current and future interests.

Strategic Report (continued)

Section 172(1) Statement (continued)

Board composition and decision making (continued)

When the board makes a decision they are provided sufficient information from the function leads to ensure they are able to make an informed decision.

Baker Hughes has an internal corporate governance policy, as well as various other internal policies such as a Code of Conduct.

Training

Directors undergo induction training on being appointed as a director. They are provided with a board pack that includes details of their responsibilities and liabilities as well as directors' and officers' liability insurance. Directors also complete ongoing training as required by the compliance process of Baker Hughes. As part of the review of the Company's corporate governance arrangements, the Company Secretary, intends to include the following refresher training for the board of directors in 2021:

- Governance expectations of directors as well as their legal duties,
- Support to directors in accordance with the Policy,
- Role of the board,
- Board papers and getting the right management information to facilitate decision-making.

Culture

Baker Hughes is a company that impacts the global community. The company shares a common Purpose, Core Values and Code of Conduct that describe the company's role in the world and guide the company's actions. The company's business strategy aims to create value for the company, for the energy industry, for the company's shareholders, and for the communities in which the company works. Together, these are at the heart of what makes Baker Hughes.

Principal Decisions

Principal decisions include significant commercial and operational decisions. The Board of Directors are responsible for making principal decisions with informal delegation to various functions. The board composition is such that it has the necessary skills and experience required to identify the impacts of its decisions on the key stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

Having regard to the Regulations and FRC guidance, the directors confirmed that no principal decisions were made during the reporting period

Strategic Report (continued)

Engagement with Suppliers, Customers and Others in a Business Relationship with the Company Statement

The Baker Hughes group aims to build and develop enduring relationships with its employees, customers, suppliers and our shareholder.

In accordance with the Regulations (as defined in the Section 172(1) Statement), the company is required to disclose a statement on behalf of the group, of how the directors have engaged with key stakeholders of the group and have taken account of their interests during the financial year.

The table below describes how the group has had regard to the need to foster relationships with its key stakeholders, and the effect of that regard, including on the decisions taken during the reporting period:

Stakeholder Group	Importance	What Engagement took place?	What influence did this have on the Board's decisions?
Employees	Our employees rely on us for job satisfaction, career development, payment of salary and other benefits as well as job security Without our dedicated and committed team, the company would be unable to successfully manage our portfolio of companies or provide high quality levels of service The multi-disciplinary skills of the team ensures the company is able to rapidly respond to changing market conditions	Examples: • intranet site • newsletter • regular briefings • Q&A sessions • information cascaded through management structure • employee survey • employee meetings • opportunities for employees to engage with the Executive Directors	The directors have not had to take decisions to reduce headcount numbers to date.
Customers	The business includes developing and maintaining existing customer relationships and monitoring, winning new and replacement contracts.	The COVID-19 pandemic has changed the way we live and work by transforming the way we interact with one another and how the company delivers for its customers. Most of our interactions with our customers and our colleagues happen virtually.	The board is provided with regular reports from Baker Hughes Europe Crisis team on best ways to interact with customers during the COVID-19 pandemic.

Strategic Report (continued)

Engagement with Suppliers, Customers and Others in a Business Relationship with the Company Statement (continued)

Stakeholder Group (continued)	Importance (continued)	What Engagement took place? (continued)	What influence did this have on the Board's decisions? (continued)
Suppliers	Our suppliers want to ensure that they are part of a fair and transparent tender process, are engaged on fair terms and conditions and paid promptly. They want to partner with a reputable company. Working well with our suppliers is critical to each project's success and our long-term success, as they enable us to continue to deliver high-quality products to our customers.	Examples: • project meetings • tendering processes • annual events conferences) • questionnaires	The Board is provided with regular reports on renewals of, and negotiations for new, supplier agreements by a dedicated supply chain team. The information received supports effective decision making by the Board and considering long-term consequences on relationships with suppliers and their interests.
Shareholders	The company is 100% owned by Hydril Pressure Control Business Limited	The company reports to its shareholder in the form of its financial statements.	There were no dividends proposed in the year (2019: £nil). A dividend of £75m was declared and paid subsequent to the year end.

Financial key performance indicators

Performance during the year is set out in the table below:	2020 £'000	2019 £'000
Turnover	32,633	36,620
Gross profit percentage	57.90%	58.72%

The company has seen a decrease in turnover during the year, due to a decrease in sales of goods. Turnover relating to services has increased marginally compared to the prior year. Although revenue has decreased overall the company continues to deliver a strong gross profit margin and profit for the year.

Approved by the Board on 14 December 2021 and signed on its behalf by:

....
A M C Sloan
Director

Hydril PCB Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the repair and rectification of OEM supplied drilling and well control equipment, sale of component parts and provision of service technicians to customer site.

Results and dividends

The profit for the year, after taxation, amounted to £14,704,000 (2019: profit £14,458,000).

The directors do not recommend the payment of a dividend during the year (2019: £nil). Subsequent to year end, on 16 September 2021, a dividend of £75,000,000 was declared and paid to its parent Hydril Pressure Control Business Limited.

Directors of the company

The directors who held office during the year and up to the directors' report were as follows:

A M C Sloan
Erica Salvadori (appointed 1 January 2020)

Directors' indemnities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at date of approving in the directors' report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Subsequent event

Effective 1st October 2021, the company became a subsidiary of MH Wirth UK Limited, after transfer of its shares from Hydril Pressure Control Business Limited. As a result of the transfer, the company is part of the newly formed joint venture between Akastor ASA and Baker Hughes Holdings LLC.

Approved by the Board on 14 December 2021 and signed on its behalf by:

A M C Sloan
Director

Hydril PCB Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

Opinion

We have audited the financial statements of Hydril PCB Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user and those posted to unusual or seldom used accounts.
- Revenue cut-off tests over the year end period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Hydril PCB Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

Michelle Smarsh.

Michelle Smarsh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD
14 December 2021

Hydril PCB Limited

Profit and Loss Account and Other Comprehensive Income for the Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	32,633	36,620
Cost of sales		(13,737)	(15,116)
Gross Profit		18,896	21,504
Distribution expenses and selling costs		(149)	(416)
Administrative expense		(739)	(3,530)
Operating profit	5	18,008	17,558
Other income		15	-
Interest receivable and similar income	6	206	389
Interest payable and similar expenses	7	(67)	(97)
Profit before taxation		18,162	17,850
Tax on profit	11	(3,458)	(3,392)
Profit for the year		14,704	14,458
Other comprehensive income		-	-
Total comprehensive income for the year		14,704	14,458

The above results were derived from continuing operations.

The notes on pages 18 to 32 form an integral part of these financial statements

Hydril PCB Limited

Registration number: 01418491

Balance Sheet
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	12	13	17
Current assets			
Stocks	13	3,153	3,663
Debtors: amounts falling due within one year	14	84,862	66,994
Cash at bank in hand		828	29
		88,843	70,686
Creditors: amounts falling due within one year	15	(13,355)	(9,906)
Net current assets		75,488	60,780
Net assets		75,501	60,797
Capital and reserves			
Called up share capital	17	6,057	6,057
Employee share based equity reserve		1	1
Merger reserve		(3,286)	(3,286)
Profit and loss account		72,729	58,025
Shareholder's funds		75,501	60,797

Approved by the Board on 14 December 2021 and signed on its behalf by:

A M C Sloan
Director

The notes on pages 18 to 32 form an integral part of these financial statements

Hydril PCB Limited

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital	Employee share based equity reserve	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	6,057	1	(3,286)	58,025	60,797
Comprehensive income for the year					
Profit for the year	-	-	-	14,704	14,704
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,704	14,704
At 31 December 2020	6,057	1	(3,286)	72,729	75,501

	Called up share capital	Employee share based equity reserve	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	6,057	1	(3,286)	43,567	46,339
Comprehensive income for the year					
Profit for the year	-	-	-	14,458	14,458
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,458	14,458
At 31 December 2019	6,057	1	(3,286)	58,025	60,797

The notes on pages 18 to 32 form an integral part of these financial statements

Hydril PCB Limited

Notes to the Financial Statements

1. General information

The company is a private company limited by share capital, registered in England with company number 01418491, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
10th Floor
245 Hammersmith Road
Hammersmith
London
W6 8PW

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101') and the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

Exemption from preparing group accounts
The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of Baker Hughes Company which are available from 17021 Aldine Westfield Road, Houston, TX 77073 USA, or at www.bakerhughes.com

Hydril PCB Limited

Notes to the Financial Statements

2. Accounting policies (continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exceptions under FRS 101:

-the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;

-the requirement of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;

-the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;

-the requirements of IFRS 7 Financial Instruments: Disclosures;

-the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

-the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

-the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of;

-paragraph 79(a)(iv) of IAS 1;

-paragraph 73(e) of IAS 16 Property, Plant and Equipment;

-paragraph 118(e) of IAS 38 Intangible Assets, and;

-paragraphs 76 and 79(d) of IAS 40 Investment Property;

-the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 400, 111 and 134-136 of IAS 1 Presentation of Financial Statements:

-the requirements of IAS 7 Statement of Cash Flows;

-the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

-the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

-the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions wholly owned by such a member; and

-the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Going concern

For the purposes of the directors' assessment of the Company's going concern position and to satisfy them of the Company's ability to pay its liabilities as they fall due, the directors have prepared a cash flow forecasts for the period to 31 December 2022. The company has been profitable and cash generative. This has continued during 2021 up to the date of issue of these financial statements. The Company's forecasts indicate that it will remain cash generative over the going concern forecast period, and will be able to meet its financial obligations as they fall due without requiring new finance.

These forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic which may delay customer orders and cash receipts, and allowing for the effect of dividends paid subsequent to the year end (note 19), the company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2. Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the sale of component parts for OEM supplied drilling and well control equipment. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The company also earns revenue from the provision of services relating to the repair and recertification of OEM supplied drilling and well control equipment. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

The main performance obligations to customers are satisfied when the supply of goods and services have transferred to the customer and the customer has control of these.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss account.

2. Accounting policies (continued)

Tax
Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation and any accumulated impairment losses.

Depreciation
Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Plant and machinery	10 years

Stocks
Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. Accounting policies (continued)

Financial instruments

Initial recognition
The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Classification and subsequent measurement
Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss.

Financial liabilities are classified into one of the following two categories:

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Notes to the Financial Statements

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost (continued)
If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVPTL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Impairment of financial assets
The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)
The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Share based payments
Share options and restricted stock units over the shares of Baker Hughes Company, the ultimate parent entity are granted to certain employees and executives of the company. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity, 'other reserve account'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest. Any recharges by the ultimate parent entity are offset against the 'other reserve'.

In addition the company has established an employee share ownership scheme under which employees are able to acquire a number of shares in the ultimate parent company, Baker Hughes Company, with the company matching the employees' purchases. The company's costs of these purchases are charged to the profit and loss account as incurred.

3. Critical accounting judgements and key sources of estimated uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairment of trade debtors
The company makes an estimate of the recoverable value of trade and other debtors when assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile of the debtors and historical experiences. See note 14 for the net carrying amount of the receivables.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimated uncertainty (continued)

Stock provisioning
The company designs, manufactures and sells advanced technical products and is subject to changing consumer demands and technological advances. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of stock.

4. Turnover

The analysis of the company's turnover for the year is as follows:

	2020 £'000	2019 £'000
Sale of goods	14,201	19,190
Provision of services	18,432	17,430
	32,633	36,620

A geographical analysis of turnover is as follows:

	2020 £'000	2019 £'000
United Kingdom	8,658	8,214
Rest of European Union	12,896	9,689
USA	423	482
Rest of world	10,656	18,235
	32,633	36,620

5. Operating profit

Operating profit is stated after crediting

	2020 £'000	2019 £'000
Difference on foreign exchange	(369)	-

Hydril PCB Limited

Notes to the Financial Statements

6. Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest from group companies	206	389

7. Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest due to group companies	67	97

8. Staff costs

The aggregate payroll costs (including directors' remuneration were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	1,798	1,722
Social security costs	181	198
Other pension costs	156	107
Share-based payment expense	2	26
	2,137	2,053

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Selling, service and distribution	30	30
	30	30

9. Directors' remuneration

The directors who served during the current and prior year were employees of another group company. The directors have estimated that the amounts received in respect of qualifying services for the entity to be £2,000 each (2019: £2,000 each).

Hydril PCB Limited

Notes to the Financial Statements

10. Auditor's remuneration

	2020 £'000	2019 £'000
Audit of the financial statements	46	19

11. Taxation

Tax charged/(credited) in the Profit and Loss account

	2020 £'000	2019 £'000
Current taxation		
UK corporation tax	3,454	3,392
Adjustments in respect of prior periods	13	-
Foreign tax relief	(15)	-
Foreign tax suffered	19	-
Total current tax	3,471	3,392
Deferred taxation		
Origination and reversal of temporary differences	(3)	-
Effects of changes to tax rates	(1)	-
Adjustments in prior years	(9)	-
Total deferred taxation	(13)	-
Tax expense in the profit and loss account	3,458	3,392

Hydril PCB Limited

Notes to the Financial Statements

11. Taxation (continued)

The standard rate of tax for the year, based on the average UK standard rate of corporation tax, is 19% (2019: 19%). The actual current tax charge for the preceding year differs for the reasons set out in the following reconciliation.

The differences between the tax charge shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax are as follows:

	2020 £'000	2019 £'000
Profit before tax	18,162	17,850
Corporation tax at standard rate	3,451	3,392
Effects of overseas tax rates	3	-
Adjustments in respect of prior year	4	-
Expenses not deductible	1	-
Effect of changes to tax rates	(1)	-
Total tax charge	3,458	3,392

Factors that may affect future tax charges

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate had been substantively enacted at the current balance sheet date the deferred tax asset not recognised would have increased by £3,613.

There are no other factors that may significantly affect future tax charges.

Factors that may affect future tax charges

In September 2021, the UK tax authorities settled their claims which would have disallowed interest deductions claimed by other group companies for years from 2007 through 2015. The settlement does not impact the losses surrendered against the taxable income of Hydril PCB Limited in prior years and therefore there is no financial impact upon the company nor any residual risk of potential economic outflow.

Hydril PCB Limited

Notes to the Financial Statements

11. Taxation (continued)

Deferred tax

Deferred tax movement during the year

	At 1 January 2020	Recognised in income	Recognised in other comprehensive income	At 31 December 2020
	£'000	£'000	£'000	£'000
Accelerated tax depreciation	1	-	-	1
Deferred tax charge for the period	(3)	13	-	10
Net tax assets/(liabilities)	(2)	13	-	11

Deferred tax movement during the year

	At 1 January 2019	Recognised in income	Recognised in other comprehensive income	At 31 December 2019
	£'000	£'000	£'000	£'000
Accelerated tax depreciation	1	-	-	1
Deferred tax charge for the period	(3)	-	-	(3)
Net tax liabilities	(2)	-	-	(2)

12. Tangible fixed assets

	Plant & Machinery £'000
Cost	
At 1 January 2020	26
At 31 December 2020	26
Depreciation	
At 1 January 2020	9
Charge for the year	4
At 31 December 2020	13
Net book value	
At 31 December 2020	13
At 31 December 2019	17

13. Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	100	266
Work in progress	233	168
Finished goods	2,820	3,229
	3,153	3,663

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £11,647,000 (2019:£12,399,000). There was a net reversal of a prior year write down to net realisable value of £53,000 in the year and a write down to net realisable value of £567,000 in 2019. The write down is included in cost of sales.

Notes to the Financial Statements

14. Debtors

	2020 £'000	2019 £'000
Due within one year		
Trade debtors	4,412	3,787
Amounts owed by group undertakings	78,776	60,629
Amounts recoverable on contracts	1,086	2,035
Other debtors	577	543
Deferred tax	11	-
	84,862	66,994

15. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	1,470	2,849
Accruals and deferred income	13	169
Amounts owed to group undertakings	10,655	6,054
Other creditors	136	63
Derivative financial liabilities	-	93
Social security and other taxes	1,081	678
	13,355	9,906

16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £156,000 (2019:£107,000), in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

17. Share capital

Allotted called up and fully paid shares

	2020 No.000	2020 £'000	2019 No.000	2019 £'000
Ordinary shares of £1 each	6,057	6,057	6,057	6,057

Notes to the Financial Statements

18. Ultimate parent undertaking and controlling party

The Company is a subsidiary of Hydril Pressure Control Business Limited, incorporated in The United Kingdom. The company's ultimate parent company is Baker Hughes Company, incorporated in Delaware. Related companies in these financial statements refer to members of the ultimate parent company's group of companies.

19. Post balance sheet event

On 16th September 2021, the board recommended a dividend of £75,000,000 to Hydril Pressure Control Business Limited. This has subsequently been paid on 22nd September 2021.

Effective 1st October 2021, the company became a subsidiary of MH Wirth UK Limited, after transfer of its' shares from Hydril Pressure Control Business Limited. As a result of the transfer, the company is part of the newly formed joint venture between Akastor ASA and Baker Hughes Holdings LLC.

On 28th October 2021, as a consequence of the funding requirements required to fund the joint venture, the company agreed to guarantee up to £4,002,000 in liabilities owed by the group to DNB Bank ASA in the form of loans and revolving credit facilities.

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HMH Drilling Asia Pte. Ltd.
(formerly known as Baker Hughes Drilling Asia Pte. Ltd.)

Registration Number: 200720201Z

Annual Report
Year ended 31 December 2021

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mirji Dhananjay Pandurang	(Appointed on 27 July 2021)
James Daniel Connelly	(Appointed on 11 November 2021)
Eugene Charles Chauviere	(Appointed on 11 November 2021)
David Ewing Bratton	(Appointed on 11 November 2021)

Change of Company name

During the financial year, the Company changed its name from Baker Hughes Drilling Asia Pte. Ltd. to HMH Drilling Asia Pte. Ltd with effect from 1 January 2022.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

DocuSigned by:
David Bratton
6F9EBE140F01458...

David Ewing Bratton
Director

DocuSigned by:
Mirji Dhananjay
727B719E256C40D...

Mirji Dhananjay Pandurang
Director

12 August 2022

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Independent auditors' report

Members of the Company
HMH Drilling Asia Pte. Ltd.
(formerly known as Baker Hughes Drilling Asia Pte. Ltd.)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HMH Drilling Asia Pte. Ltd. (formerly known as Baker Hughes Drilling Asia Pte. Ltd.) ('the Company'), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act'), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 August 2022

Statement of financial position
As at 31 December 2021

	Note	2021 US$	2020 US$	1 Jan 2020 US$
Assets				
Non-current assets				
Property, plant and equipment	4	828,164	390,767	499,055
Intangible assets	5	30,744	92,231	461,154
Deferred tax assets	6	538,620	467,776	266,977
		1,397,528	950,774	1,227,186
Current assets				
Inventories	7	6,579,366	6,066,035	6,526,633
Trade and other receivables	8	6,667,713	41,869,904	28,497,120
Cash and cash equivalents	9	9,012,698	2,029	32,380
		22,259,777	47,937,968	35,056,133
Total assets		23,657,305	48,888,742	36,283,319
Equity				
Share capital	10	8,321,394	8,321,394	8,321,394
Capital reserve	11	(3,699,937)	(3,699,937)	(3,699,937)
Accumulated profits		3,949,043	37,032,159	26,974,071
Total equity		8,570,500	41,653,616	31,595,528
Current liabilities				
Trade and other payables	12	13,232,542	4,617,197	2,629,310
Current tax liabilities		1,854,263	2,617,929	2,058,481
Total liabilities		15,086,805	7,235,126	4,687,791
Total equity and liabilities		23,657,305	48,888,742	36,283,319

Statement of comprehensive income
Year ended 31 December 2021

	Note	2021 US$	2020 US$
Revenue	13	21,671,392	23,302,117
Cost of sales		(8,646,306)	(7,961,040)
Gross profit		13,025,086	15,341,077
Sales and administrative expenses		(3,494,450)	(3,676,758)
Impairment loss on trade receivables due from related parties		(1,998,829)	–
Results from operating activities		7,531,807	11,664,319
Finance income	14	61,699	384,091
Finance expense	14	(2,768)	(3)
Net finance income		58,931	384,088
Profit before tax	15	7,590,738	12,048,407
Tax expense	16	(1,673,854)	(1,990,319)
Profit for the year and total comprehensive income for the year		5,916,884	10,058,088

Statement of changes in equity
Year ended 31 December 2021

	Note	Share capital US$	Accumulated profits US$	Capital reserve US$	Total US$
As at 1 January 2020		8,321,394	26,974,071	(3,699,937)	31,595,528
Total comprehensive income for the year					
Profit for the year		–	10,058,088	–	10,058,088
As at 31 December 2020		8,321,394	37,032,159	(3,699,937)	41,653,616
As at 1 January 2021		8,321,394	37,032,159	(3,699,937)	41,653,616
Total comprehensive income for the year					
Profit for the year		–	5,916,884	–	5,916,884
Transactions with owner, recorded directly in equity					
Tax-exempt dividend declared and paid of US$4.69 per share	10	–	(39,000,000)	–	(39,000,000)
As at 31 December 2021		8,321,394	3,949,043	(3,699,937)	8,570,500

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 December 2021

	Note	2021 US$	2020 US$
Cash flows from operating activities			
Profit before tax		7,590,738	12,048,407
Adjustments for:			
Allowance for inventory obsolescence	7	376,426	703,957
Depreciation of property, plant and equipment	4	186,928	108,288
Amortisation of intangible assets	5	61,487	368,923
Impairment loss on trade receivables due from related parties		1,998,829	–
		10,214,408	13,229,575
Changes in:			
Inventories		(889,757)	(243,359)
Trade and other receivables		458,958	(3,465,661)
Trade and other payables		5,070,917	1,422,361
Cash generated from operations		14,854,526	10,942,916
Tax paid		(2,508,364)	(1,066,144)
Net cash from operating activities		12,346,162	9,876,772
Cash flows from investing activity			
Amounts due from a related company (non-trade)		32,744,404	(9,907,123)
Net cash from/(used in) investing activity		32,744,404	(9,907,123)
Cash flows from financing activities			
Dividend paid		(39,000,000)	–
Amounts due to related companies (non-trade)	12	2,920,103	–
Net cash used in financing activities		(36,079,897)	–
Net increase/(decrease) in cash and cash equivalents		9,010,669	(30,351)
Cash and cash equivalents at beginning of year		2,029	32,380
Cash and cash equivalents at end of year	9	9,012,698	2,029

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 August 2022.

1 Domicile and activities

HMH Drilling Asia Pte. Ltd. (formerly known as Baker Hughes Drilling Asia Pte. Ltd.) (the "Company") is incorporated in Singapore and has its principal place of business at 25 Benoi Lane Singapore 627800.

The principal activities of the Company are those relating to the manufacture and repairs of industrial process control equipment for use mainly in the exploration and production of oil and gas.

The immediate holding company is MHWirth (Singapore) Ptd. Ltd., incorporated in Singapore. the intermediate and ultimate holding companies are MHWirth AS and HMH Holding BV respectively, incorporated in Norway and the Netherlands respectively.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

SFRS(I)s are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I) and IFRS are subsequently referred to as IFRS in these financial statements unless otherwise specified.

Adoption of SFRS(I) and IFRS

These are the Company's first financial statements prepared in accordance with SFRS(I) and IFRS.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRSs).

In adopting the new framework, the Company applied the specific transition requirements in IFRS 1 *First-time Adoption of International Financial Reporting Standards* in the preparation of the opening IFRS statement of financial position at 1 January 2020 (the Company's date of transition).

In addition to the adoption of the new framework, the Company also concurrently applied the following new IFRSs, amendments to and interpretation of IFRS which are effective from the same date:

- *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16)*

The adoption of new framework and application of the above standards and interpretations do not have a significant impact on the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in United States ("US") dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Management is of the opinion that there are no critical judgements made in applying the entity's accounting policies.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 7 – Inventories
- Note 18 – Measurement of loss allowance for trade receivables

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the treasury team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. The treasury team reports to the finance team for all significant fair value measurements.
When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in preparing the opening statements of financial position at 1 January 2020 for the purposes of transition to IFRS, unless otherwise stated.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(vii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.3 Impairment of financial assets

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all its receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of the impairment testing, assets that cannot be tested individually are grouped together into the smallest group of the assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an assets or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and equipment	10 years
Furniture, fixtures and office equipment	4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software which has finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful life of not more than 5 years, from the date on which it is available for use. Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Amortisation is computed on a straight-line basis over the estimated useful life of the assets, from the date on which it is available for the intended use as follows:

- Computer software: 5 years

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Revenue

Sale of goods and services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (“PO”) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price is fixed and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

The Company recognises revenue at the point in time that the customer obtains control of the goods, which is no earlier than when the customer has physical possession of the product.

Rendering of services

Revenue from the sale of services may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is related to long-term services or extended agreements satisfied over time, revenue is recognised on an over time basis using input method to measure progress toward completion at the estimated margin rate of the contract. The differences between the timing of revenue recognized (based on costs incurred) and customer billings (based on contractual terms) result in changes to contract asset or contract liability positions.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs would be amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred. The Company has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

3.9 Finance income and finance costs

Finance income comprises of interest income. Interest income is accrued in profit or loss, using the effective interest method.

Finance costs comprise fair value losses on derivatives.

Foreign currency gain or losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movement are in a net gain or net loss position.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New accounting standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Company’s financial statements.

- IFRS 17 *Insurance Contracts* and Amendments to *IFRS 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to IFRS 16)
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Annual Improvements to IFRSs 2018-2020*
- *Disclosure of Accounting Policies (Amendments IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12)

4 Property, plant and equipment

	Plant and equipment US$	Furniture, fixtures and office equipment US$	Total US$
Cost			
At 1 January 2020 and 31 December 2020	1,282,112	29,118	1,311,230
Additions	624,325	–	624,325
At 31 December 2021	1,906,437	29,118	1,935,555
Accumulated depreciation			
At 1 January 2020	783,057	29,118	812,175
Depreciation for the year	108,288	–	108,288
At 31 December 2020	891,345	29,118	920,463
Depreciation for the year	186,928	–	186,928
At 31 December 2021	1,078,273	29,118	1,107,391
Carrying amounts			
At 1 January 2020	499,055	–	499,055
At 31 December 2020	390,767	–	390,767
At 31 December 2021	828,164	–	828,164

5 Intangible assets

	Computer software US$
Cost	
At 1 January 2020, 31 December 2020 and 31 December 2021	1,844,617
Accumulated amortisation	
At 1 January 2020	1,383,463
Amortisation	368,923
At 31 December 2020	1,752,386
Amortisation	61,487
At 31 December 2021	1,813,873
Carrying amounts	
At 1 January 2020	461,154
At 31 December 2020	92,231
At 31 December 2021	30,744

6 Deferred tax assets

Deferred tax assets as at 31 December 2021 relates to the following:

	At 1 January 2020 US$	Recognised in profit or loss (Note 16) US$	At 31 December 2020 US$	Recognised in profit or loss (Note 16) US$	At 31 December 2021 US$
Deferred tax assets					
Inventories	430,213	119,672	549,885	63,992	613,877
Deferred tax liabilities					
Plant and equipment	(84,839)	18,409	(66,430)	(3,601)	(70,031)
Intangible assets	(78,397)	62,718	(15,679)	10,453	(5,226)
	(163,236)	81,127	(82,109)	6,852	(75,257)
Total deferred tax assets	266,977	200,799	467,776	70,844	538,620

7 Inventories

	2021 US$	2020 US$	1 Jan 2020 US$
Work-in-progress	–	654,842	203,731
Finished goods	6,421,122	5,224,857	6,142,641
Goods-in-transit	158,244	186,336	180,261
	6,579,366	6,066,035	6,526,633

In 2021, inventories of US$7,529,893 (2020: US$6,212,934) were recognised as expense and included in cost of sales.

Source of estimation uncertainty

Inventories have been written down to net realisable value to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Estimates of net realisable value are based on the most reliable evidence available at the balance sheet date. These estimates take into consideration the future product demand, market conditions, production requirements and technological developments directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year.

In 2021, write-down of inventories of US$376,426 was recorded (2020: US$703,957; 1 January 2020: US$533,134) in cost of sales.

8 Trade and other receivables

	Note	2021 US$	2020 US$	1 Jan 2020 US$
Trade receivables		5,734,802	5,810,483	2,762,580
Contract assets		555,835	527,139	101,559
Amounts due from related corporations (trade)		329,378	2,608,722	2,526,035
Amount due from a related corporation (non-trade)		17,576	32,761,981	22,854,858
Other receivables		30,122	161,579	252,088
		6,667,713	41,869,904	28,497,120
Add: Cash and cash equivalents	9	9,012,698	2,029	32,380
Total financial assets at amortised cost		15,680,411	41,871,933	28,529,500

The contract assets primarily relate to the Company’s rights to consideration for work completed but not billed at the reporting date in respect of its rights to consideration for services transferred to date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

As at 31 December 2020 and 1 January 2020, the non-trade amounts due from a related corporation mainly comprised a loan to a related company under the Singapore US$ and SGD cash pool where the Company was a participant. The loan was unsecured, repayable on demand, and carried at variable interest rate of LIBOR. The Company exited the cash pool arrangement in 2021.

The Company's exposure to credit risks related to trade and other receivables are disclosed in note 18.

9 Cash and cash equivalents

	2021 US$	2020 US$	1 Jan 2020 US$
Cash at bank	9,012,698	2,029	32,380

10 Share capital

	2021		2020	
	No. of shares	US$	No. of shares	US$
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	8,310,992	8,321,394	8,310,992	8,321,394

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

The Company’s ordinary shares are pledged by the ultimate holding company as financial guarantees for its liabilities to a financial institution.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

On 10 September 2021, the Company declared tax-exempt dividend to its immediate holding company of US$4.69 per ordinary share. The total amount of dividend declared was US$39,000,000. It was settled in cash during 2021.

The Company is not subject to externally imposed capital requirements.

11 Capital reserve

This represents the excess of consideration over the fair value of the assets and liabilities acquired upon the transfer of business and certain assets and liabilities of the PCB division from a related company to the Company in 2008.

12 Trade and other payables

	2021 US$	**2020 US$**	**1 Jan 2020 US$**
Trade payables	2,077,636	1,369,295	1,193,885
Amounts due to related companies (trade)	1,802,429	1,346,374	1,023,120
Amounts due to related companies (non-trade)	3,550,541	519,773	–
Contract liabilities	5,111,857	621,427	137,701
Other payables and accrued expenses	690,079	760,328	274,604
Total trade and other payables	13,232,542	4,617,197	2,629,310
Total financial liabilities carried at amortised cost	13,232,542	4,617,197	2,629,310

The contract liabilities primarily relate to the advance consideration received from customers amounting to US$1,687,591 (2020: US$Nil; 1 January 2020: US$Nil) for which revenue is recognised over time, and US$3,424,266 (2020: US$621,427; 1 January 2020: US$137,701) for which revenue is recognised at a point in time.

Amounts due to related companies are unsecured, non-interest bearing, short-term and are to be settled in cash.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Amounts due to related companies (non-trade) US$
Balance as at 1 January 2020	–
Other changes	
Liability-related	
Payment on behalf/service fees charged by related companies	519,773
Total other changes	519,773
Balance as at 31 December 2020	519,773
Balance as at 1 January 2021	519,773
Change from financing cash flows	
Proceeds from non-trade amount from a related company	2,920,103
Total changes from financing cash flows	2,920,103
Other changes	
Liability-related	
Payment on behalf/service fees charged by related companies	110,665
Total other changes	110,665
Balance as at 31 December 2021	3,550,541

The company's exposure to liquidity and currency risk related to trade and other payables are disclosed in note 18.

13 Revenue

	2021 US$	**2020 US$**
Revenue from contracts with customers – sales of goods	13,965,355	15,612,950
Revenue from contracts with customers – rendering of services	7,706,037	7,689,167
	21,671,392	23,302,117
Revenue recognised:		
At a point in time	13,965,355	15,612,950
Over time	7,706,037	7,689,167
	21,671,392	23,302,117

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sales of goods

Nature of goods	Manufacture and sale of industrial process control equipment.
When revenue is recognised	The Company recognises revenue at the point in time that the customer obtains control of the goods, which is no earlier than when the customer has physical possession of the product
Significant payment terms	30 days from invoice date.
Obligations for warranties	The Company is obliged to a 12 months warranties to the customers based on shipment date from, or from the date of notice that the goods are ready for shipment.

Rendering of services

Nature of goods or services	Repairs of industrial process control equipment.
When revenue is recognised	Revenue from the sale of services may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO related to long-term services or extended agreements is satisfied over time, revenue is recognised on an over time using input method to measure progress toward completion at the estimated margin rate of the contract.
Significant payment terms	30 days from invoice date.
Obligations for warranties	The Company is obliged to a warranty to customers ranging 6 to 18 months for the services rendered depending on the nature of repair, replaced or re-performed products parts or services.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021 US$	**2020 US$**	**1 Jan 2020 US$**
Trade receivables	5,734,802	5,810,483	2,762,580
Contract assets	555,835	527,139	101,559
Contract liabilities	(5,111,857)	(621,427)	(137,701)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

	Contract assets		Contract liabilities	
	2021 US$	**2020 US$**	**2021 US$**	**2020 US$**
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	599,147	137,701
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(5,089,577)	(621,427)
Contract asset reclassified to trade receivables	(527,139)	(101,559)	–	–
Changes in measurement of progress	555,835	527,139	–	–

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Company has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The Company's exposure to impairment losses for contract assets is disclosed in note 18.

14 Finance income and finance expense

	2021 US$	**2020 US$**
Foreign exchange gain	61,663	264,083
Interest income	36	120,008
Finance income	61,699	384,091
Interest expense	(2,768)	(3)
Finance expense	(2,768)	(3)
Net finance income recognised in profit or loss	58,931	384,088

15 Profit before tax

The following items have been included in arriving at profit before tax:

	Note	2021 US$	2020 US$
Staff costs		1,939,424	1,809,095
Contribution to defined contribution plans, included in staff costs		122,693	102,864
Depreciation of property, plant and equipment	4	186,928	108,288
Amortisation of intangible assets	5	61,487	368,923
Management fees charged by related companies		44,401	621,995
Impairment loss on trade receivables due from related parties		1,998,829	–

16 Tax expense

	2021 US$	2020 US$
Current tax expense		
Current year	1,774,134	2,234,318
Over provision in prior years	(29,436)	(43,200)
	1,744,698	2,191,118
Deferred tax expense		
Origination and reversal of temporary differences	(70,844)	(200,799)
	(70,844)	(200,799)
Total tax expense	1,673,854	1,990,319

Reconciliation of effective tax rate

	2021 US$	2020 US$
Profit before income tax	7,590,738	12,048,407
Tax calculated using Singapore tax rate of 17% (2020: 17%)	1,290,425	2,048,229
Expenses not deductible for tax purposes	425,833	4,820
Income not subject to tax	(12,968)	(19,530)
Over provision in prior years	(29,436)	(43,200)
	1,673,854	1,990,319

17 Related parties

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2021 US$	2020 US$
Short-term employee benefits	1,216,123	1,104,086

Other related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions between the Company and its related parties took place at terms agreed between the parties:

	2021 US$	2020 US$
Sales to related companies	159,789	232,034
Purchases from related companies	(5,042,728)	(2,937,097)
Management fees charged by related companies	(44,401)	(621,995)

18 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises from the Company's trade and other receivables, and cash and cash equivalents.

The carrying amounts of financial assets and contract assets represent the Company’s maximum exposures to credit risk, before taking into account any collateral held. The Company does not require any collateral in respect of their financial assets.

As at 31 December 2021, the carrying amount of receivables from the Company’s most significant three customers was US$1,374,506 (2020: US$3,593,165; 1 January 2020: US$1,205,012).

Counterparty credit risk

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer, its financial position and past experience with the customer. However, management also considers the demographics of the Company’s customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk.

Amount due from related corporations

The Company performs regular reconsolidations and assessment of recoverability of trade and non-trade amounts due from related corporations that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default of each counterparty (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement). Impairment on these balances has been measured on the 12-month expected credit loss basis unless there is significant increase in credit risk for these exposures. Impairment loss recognised in profit or loss for the financial year ended 31 December 2021 amounted to US$1,998,829 (2020: US$Nil). Based on the Company's further assessment, the Company believes that, apart from the above, related parties have sufficient resources to settle their liabilities due to the Company as and when due.

Guarantees

As at 31 December 2021, the Company, together with other related parties, jointly guaranteed to repay a debt of the ultimate holding company in the event that timely payments of the loan are not made. These guarantees are subject to impairment assessment under IFRS 9. The Company has assessed that the ultimate holding company has strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses from these guarantees. The Company’s assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings and management accounts, if available, and applying experienced credit judgement).

Expected credit loss assessment for customers

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprises a large number of small balances.

Expected credit loss are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for third-party customers:

	Weighted average loss rate %	Gross carrying amount US$	Impairment loss allowance US$
31 December 2021			
Not past due	0%	4,725,793	–
Past due 1 – 30 days	0%	1,029,347	–
Past due 31 – 60 days	0%	430,606	–
Past due 61 – 90 days	0%	15,958	–
Past due 91 – 180 days	0%	44,251	–
Past due more than 180 days	0%	44,682	–
		6,290,637	–
31 December 2020			
Not past due	0%	3,553,531	–
Past due 1 – 30 days	0%	999,445	–
Past due 31 – 60 days	0%	190,899	–
Past due 61 – 90 days	0%	550,561	–
Past due 91 – 180 days	0%	941,947	–
Past due more than 180 days	0%	101,239	–
		6,337,622	–
1 January 2020			
Not past due	0%	1,834,752	–
Past due 1 – 30 days	0%	556,847	–
Past due 31 – 60 days	0%	139,987	–
Past due 61 – 90 days	0%	237,129	–
Past due 91 – 180 days	0%	77,912	–
Past due more than 180 days	0%	17,512	–
		2,864,139	–

Cash and cash equivalents

The Company held cash and cash equivalents of US$9,012,698 as at 31 December 2021 (2020: US$2,029; 1 January 2020: US$32,380). The cash and cash equivalents are held with banks which are regulated and are rated Aa2 and Aa3, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit rating of the banks, which meet the appropriate credit criteria.

The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Note	2021 One year or less US$	2020 One year or less US$	1 Jan 2020 One year or less US$
Non-derivative financial liabilities				
Trade and other payables	12	(13,232,542)	(4,617,197)	(2,629,310)

The maturity analyses show the contractual undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Information on the maturity of the issued financial guarantee is disclosed in note 19.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Therefore, at the reporting date, the Company did not have any significant interest rate exposure.

Currency risk

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company.

The Company's exposure to Chinese Yuan ('CNY'), Singapore dollar ('SGD') and Great British Pound ('GBP') expressed in the Company's functional currency is as follows:

	CNY expressed in US$	SGD expressed in US$	GBP expressed in US$
31 December 2021			
Trade and other receivables	–	232,087	–
Cash and cash equivalents	–	17,786	–
Trade and other payables	–	(1,468,368)	(1,431)
Total exposure	–	(1,218,495)	(1,431)
31 December 2020			
Trade and other payables	–	407,527	16,087
1 January 2020			
Trade and other payables	27,526	34,403	14,886

Sensitivity analysis

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the CNY, SGD and GBP exchange rates against the functional currency of the Company, with all other variables held constant.

	2021 Profit before tax US$	2020 Profit before tax US$	1 Jan 2020 Profit before tax US$
USD/CNY (10% strengthening)	–	–	(2,753)
(10% weakening)	–	–	2,753
USD/SGD (10% strengthening)	(121,850)	(40,753)	(3,440)
(10% weakening)	121,850	40,753	3,440
USD/GBP (10% strengthening)	(143)	(1,609)	(1,489)
(10% weakening)	143	1,609	1,489

Accounting classifications and fair values

The carrying amounts of financial assets and liabilities are as follows. No separate disclosure on their fair values have been made as the carrying amounts of the financial assets and financial liabilities are reasonable approximations of their fair values.

	Note	Amortised cost $	Other financial liabilities $	Total carrying amount $
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables	8	6,667,713	–	6,667,713
Cash and cash equivalents	9	9,012,698	–	9,012,698
		15,680,411	–	15,680,411

	Note	Amortised cost $	Other financial liabilities $	Total carrying amount $
Financial liabilities not measured at fair value				
Trade and other payables	12	–	(13,232,542)	(13,232,542)
31 December 2020				
Financial assets not measured at fair value				
Trade and other receivables	8	41,869,904	–	41,869,904
Cash and cash equivalents	9	2,029	–	2,029
		41,871,933	–	41,871,933
Financial liabilities not measured at fair value				
Trade and other payables	12	–	(4,617,197)	(4,617,197)
1 January 2020				
Financial assets not measured at fair value				
Trade and other receivables	8	28,497,120	–	28,497,120
Cash and cash equivalents	9	32,380	–	32,380
		28,529,500	–	28,529,500
Financial liabilities not measured at fair value				
Trade and other payables	12	–	(2,629,310)	(2,629,310)

Determination of fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values because of the short period to maturity.

19 Contingencies

As at 31 December 2021, the Company, together with other related parties, jointly and severely guaranteed to repay a debt of its ultimate holding company in the event that timely payments of the loan by the ultimate holding company are not made. The guarantee is limited to US$360 million (2020: US$Nil). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee. As such, the guarantee issued would not have a material effect on the amount, timing and uncertainty of the Company's future cashflows.

In addition to the above, the Company's ordinary shares are pledged by the ultimate holding company as financial guarantees for its liabilities to a financial institution, as disclosed in note 10.

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For issued financial guarantee contracts, IFRS 7 requires the Company to disclose the earliest period in which the guarantee could be called and maximum amount of the guarantee which could be called. In this respect, the earliest period when the guarantee could be called was 1st quarter of 2022 amounting to US$150 million.

20 Subsequent events

On 16 February 2022, the ultimate holding company partially refinanced its existing loan facility, which the Company was a guarantor of, with another loan. The Company provided a further guarantee to repay the ultimate holding company's new loan in the event that timely payments of the loan by the ultimate holding company are not made. The new guarantee is limited to US$150 million. The Company's ordinary shares were pledged under this new arrangement in addition to the pledge existing as at 31 December 2021. In accordance with an intercreditor agreement, the ordinary shares pledged shall rank and secure the liabilities pari passu and without any preference between them.

21 Change of name

The Company changed its name from Baker Hughes Drilling Asia Pte. Ltd. to HMH Drilling Asia Pte. Ltd. with effect from 1 January 2022.

KPMG

Baker Hughes Drilling Asia Pte. Ltd.

Registration Number: 200720201Z

Annual Report
Year ended 31 December 2020

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages FS1 to FS26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Koh Yong Peng
Maria Sferruzza (Resigned on 27 July 2021)
Mirji Dhananjay Pandurang (Appointed on 27 July 2021)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors

Koh Yong Peng
Director

Mirji Dhananjay Pandurang
Director

10 November 2021

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Independent auditors' report

Members of the Company
Baker Hughes Drilling Asia Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Baker Hughes Drilling Asia Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS26.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 November 2021

Statement of financial position
As at 31 December 2020

	Note	2020 US$	2019 US$
Assets			
Non-current assets			
Property, plant and equipment	4	390,767	499,055
Intangible assets	5	92,231	461,154
Deferred tax assets	6	467,776	266,977
		950,774	1,227,186
Current assets			
Inventories	7	6,066,035	6,526,633
Trade and other receivables	8	41,869,904	28,497,120
Cash and cash equivalents	9	2,029	32,380
		47,937,968	35,056,133
Total assets		48,888,742	36,283,319
Equity			
Share capital	10	8,321,394	8,321,394
Capital reserve	11	(3,699,937)	(3,699,937)
Accumulated profits		37,032,159	26,974,071
Total equity		41,653,616	31,595,528
Current liabilities			
Trade and other payables	12	4,617,197	2,629,310
Current tax liabilities		2,617,929	2,058,481
Total liabilities		7,235,126	4,687,791
Total equity and liabilities		48,888,742	36,283,319

Statement of comprehensive income
Year ended 31 December 2020

	Note	2020 US$	2019 US$
Revenue	13	23,302,117	18,573,248
Cost of sales		(7,961,040)	(8,183,667)
Gross profit		15,341,077	10,389,581
Sales and administrative expenses		(3,676,758)	(3,141,718)
Results from operating activities		11,664,319	7,247,863
Finance income	14	384,091	387,393
Finance expense	14	(3)	(427,989)
Net finance income/(expense)		384,088	(40,596)
Profit before tax	15	12,048,407	7,207,267
Tax expense	16	(1,990,319)	(1,264,605)
Profit for the year and total comprehensive income for the year		10,058,088	5,942,662

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 December 2020

	Note	Share capital US$	Accumulated profits US$	Capital reserve US$	Total US$
As at 1 January 2019		8,321,394	21,031,409	(3,699,937)	25,652,866
Total comprehensive income for the year					
Profit for the year		–	5,942,662	–	5,942,662
Total comprehensive income for the year		–	5,942,662	–	5,942,662
As at 31 December 2019		8,321,394	26,974,071	(3,699,937)	31,595,528
As at 1 January 2020		8,321,394	26,974,071	(3,699,937)	31,595,528
Total comprehensive income for the year					
Profit for the year		–	10,058,088	–	10,058,088
Total comprehensive income for the year					
As at 31 December 2020		8,321,394	37,032,159	(3,699,937)	41,653,616

Statement of cash flows
Year ended 31 December 2020

	Note	2020 US$	2019 US$
Cash flows from operating activities			
Profit before tax		12,048,407	7,207,267
Adjustments for:			
Allowance of inventory obsolescence	7	703,957	533,134
Depreciation of property, plant and equipment	4	108,288	113,811
Amortisation of intangible assets	5	368,923	368,924
Operating cash flows before changes in working capital		13,229,575	8,223,136
Changes in:			
Inventories		(243,359)	(645,072)
Trade and other receivables		(3,465,661)	107,946
Trade and other payables		1,422,361	(1,126,900)
Cash generated from operations		10,942,916	6,559,110
Tax paid		(1,066,144)	(319,365)
Net cash from operating activities		9,876,772	6,239,745
Cash flows from investing activity			
Amounts due from a related company (non-trade), representing net cash used in investing activity		(9,907,123)	(7,097,056)
Net decrease in cash and cash equivalents		(30,351)	(857,311)
Cash and cash equivalents at beginning of year		32,380	889,691
Cash and cash equivalents at end of year	9	2,029	32,380

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 November 2021.

1 Domicile and activities

Baker Hughes Drilling Asia Pte. Ltd. (the "Company") is incorporated in Singapore and has its principal place of business at 2 Benoi Road Singapore 629876.

The principal activities of the Company are those relating to the manufacture and repairs of industrial process control equipment for use mainly in the exploration and production of oil and gas.

The immediate holding company is Baker Hughes Asia Holdings B.V, a company incorporated in United Kingdom and the ultimate holding company is Baker Hughes Company, (formerly Baker Hughes, a GE company), incorporated in the United States of America.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in United States ("US") dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as listed market price, is used to measure fair value, then the treasury team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

The treasury team reports to the finance team for all significant fair value measurements.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Interest Rate Benchmark Reform (Amendments to FRS 109, FRS 39 and FRS 107)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

3.3 Impairment of financial assets

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all its receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of the impairment testing, assets that cannot be tested individually are grouped together into the smallest group of the assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an assets or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and equipment	10 years
Furniture, fixtures and office equipment	4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software which has finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful life of not more than 5 years, from the date on which it is available for use. Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Amortisation is computed on a straight-line basis over the estimated useful life of the assets, from the date on which it is available for the intended use as follows:

- Computer software: 5 years

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Revenue

Sale of goods and services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price is fixed and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

The Company recognises revenue at the point in time that the customer obtains control of the goods, which is no earlier than when the customer has physical possession of the product. The Company uses proof of delivery for certain large equipment with more complex logistics associated with the shipment, whereas the delivery of other equipment is determined based on historical data of transit times between countries/regions.

Rendering of services

Revenue from the sale of services may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised over a period of time in which the services are provided, reflecting the progress towards complete satisfaction of the PO.

3.9 Finance income and finance costs

Finance income comprises of interest income. Interest income is accrued in profit or loss, using the effective interest method.

Finance costs comprise fair value losses on derivatives.

Foreign currency gain or losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movement are in a net gain or net loss position.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New accounting standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to FRS 110 and FRS 28)*
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)*
- *Annual Improvements to FRS 2018 – 2020*

4 Property, plant and equipment

	Plant and equipment US$	Furniture, fixtures and office equipment US$	Total US$
Cost			
At 1 January 2019, 31 December 2019 and 31 December 2020	1,282,112	29,118	1,311,230
Accumulated depreciation			
At 1 January 2019	669,246	29,118	698,364
Depreciation for the year	113,811	–	113,811
At 31 December 2019	783,057	29,118	812,175
Depreciation for the year	108,288	–	108,288
At 31 December 2020	891,345	29,118	920,463
Carrying amounts			
At 1 January 2019	612,866	–	612,866
At 31 December 2019	499,055	–	499,055
At 31 December 2020	390,767	–	390,767

5 Intangible assets

	Computer software US$
Cost	
At 1 January 2019, 31 December 2019 and 31 December 2020	1,844,617
Accumulated amortisation	
At 1 January 2019	1,014,539
Amortisation	368,924
At 31 December 2019	1,383,463
Amortisation	368,923
At 31 December 2020	1,752,386
Carrying amounts	
At 1 January 2019	830,078
At 31 December 2019	461,154
At 31 December 2020	92,231

6 Deferred tax assets

Deferred tax assets as at 31 December 2020 relates to the following:

	At 1 January 2019 US$	Recognised in profit or loss (Note 16) US$	At 31 December 2019 US$	Recognised in profit or loss (Note 16) US$	At 31 December 2020 US$
Deferred tax assets					
Inventories	339,580	90,633	430,213	119,672	549,885
	339,580	90,633	430,213	119,672	549,885
Deferred tax liabilities					
Plant and equipment	(104,033)	19,194	(84,839)	18,409	(66,430)
Intangible assets	(141,113)	62,716	(78,397)	62,718	(15,679)
	(245,146)	81,910	(163,236)	81,127	(82,109)
Total deferred tax assets	94,434	172,543	266,977	200,799	467,776

7 Inventories

	2020 US$	2019 US$
Work-in-progress	944,698	781,193
Finished goods	8,169,620	8,095,841
Goods-in-transit	186,336	180,261
Allowance for inventory obsolescence	(3,234,619)	(2,530,662)
	6,066,035	6,526,633

Movement in allowance of inventory obsolescence is as follows:

	2020 US$	2019 US$
At 1 January	2,530,662	1,997,528
Addition of allowance made during the year	703,957	533,134
At 31 December	3,234,619	2,530,662

The Company provides for inventory obsolescence based on an assessment of expected utilisation of inventories and selling prospects, age and conditions of inventory on hand at year-end. Allowances are applied to inventory when circumstances indicate that inventory may not be saleable or may not be realised at the original carrying amounts. The identification of obsolete stock requires a use of judgements.

In 2020, provision for obsolete stock of US$703,957 was recorded (2019: US$533,134). The allowance and reversal were included in the cost of sales for each respective year accordingly.

The amount of inventories recognised as cost of sales amounted to US$6,212,934 in 2020 and US$5,652,296 in 2019.

8 Trade and other receivables

	Note	2020 US$	2019 US$
Trade receivables		5,810,483	2,762,580
Amounts due from related corporations (trade)		2,608,722	2,526,035
Amount due from a related corporation (non-trade)		32,761,981	22,854,858
Other receivables		688,718	353,647
		41,869,904	28,497,120
Add: Cash and cash equivalents	9	2,029	32,380
Total financial assets at amortised cost		41,871,933	28,529,500

The non-trade amounts due from related corporations represent a loan to a related company under the Singapore US$ and SGD cash pool where the Company is a participant. The loan is unsecured, repayable on demand, and carried at variable interest rate of LIBOR.

The Company's exposure to credit risks related to trade and other receivables are disclosed in note 18.

9 Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank	2,029	32,380

10 Share capital

	2020		2019	
	No. of shares	US$	No. of shares	US$
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	8,310,992	8,321,394	8,310,992	8,321,394

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Company is not subject to externally imposed capital requirements.

11 Capital reserve

This represents the excess of consideration over the fair value of the assets and liabilities acquired upon the transfer of business and certain assets and liabilities of the PCB division from a related company to the Company in 2008.

12 Trade and other payables

	2020 US$	2019 US$
Trade payables	1,369,295	1,193,885
Amounts due to related companies (trade)	1,346,374	1,023,120
Amounts due to related companies (non-trade)	519,773	–
Deferred revenue	621,427	137,701
Other payables and accrued expenses	760,328	274,604
Total trade and other payables	4,617,197	2,629,310
Total financial liabilities carried at amortised cost	4,617,197	2,629,310

The company's exposure to liquidity and currency risk related to trade and other payables are disclosed in note 18.

Amounts due to related companies

These amounts are unsecured, non-interest bearing, short-term and are to be settled in cash.

13 Revenue

	2020 US$	2019 US$
Sales of goods	15,612,950	12,958,785
Rendering of services	7,689,167	5,614,463
	23,302,117	18,573,248

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sales of goods

Nature of goods	Manufacture and sale of industrial process control equipment.
When revenue is recognised	The Company recognises revenue at the point in time that the customer obtains control of the goods, which is no earlier than when the customer has physical possession of the product. The Company uses proof of delivery for certain large equipment with more complex logistics associated with the shipment, whereas the delivery of other equipment is determined based on historical data of transit times between countries/regions.
Significant payment terms	30 days from invoice date.
Obligations for warranties	The Company is obliged to a 12 months warranties to the customers based on shipment date from, or from the date of notice that the goods are ready for shipment.

Rendering of services

Nature of goods or services	Repairs of industrial process control equipment.
When revenue is recognised	Revenue from the sale of services may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised over a period of time in which the services are provided, reflecting the progress towards complete satisfaction of the PO.
Significant payment terms	30 days from invoice date.
Obligations for warranties	The Company is obliged to a warranty to customers ranging 6 to 18 months for the services rendered depending on the nature of repair, replaced or re-performed products parts or services.

14 Finance income and finance expense

	2020 US$	2019 US$
Foreign exchange gain	264,083	–
Interest income	120,008	387,393
Finance income	384,091	387,393
Foreign exchange loss	–	(427,989)
Interest expense	(3)	–
Finance expense	(3)	(427,989)
Net finance income/(expense) recognised in profit or loss	384,088	(40,596)

15 Profit before tax

The following items have been included in arriving at profit before tax:

	Note	2020 US$	2019 US$
Staff costs		1,809,095	1,389,692
Contribution to defined contribution plans, included in staff costs		102,864	101,626
Depreciation of property, plant and equipment	4	108,288	113,811
Amortisation of intangible assets	5	368,923	368,924
Service fees		621,995	1,667,427

16 Tax expense

	2020 US$	2019 US$
Current tax expense		
Current year	2,234,318	1,415,040
(Over)/under provision in prior years	(43,200)	22,108
	2,191,118	1,437,148
Deferred tax expense		
Origination and reversal of temporary differences	(200,799)	(172,698)
Under provision in prior years	–	155
	(200,799)	(172,543)
Total tax expense	1,990,319	1,264,605

Reconciliation of effective tax rate

	2020 US$	2019 US$
Profit before income tax	12,048,407	7,207,267
Tax calculated using Singapore tax rate of 17% (2019: 17%)	2,048,229	1,225,235
Expenses not deductible for tax purposes	4,820	40,892
Income not subject to tax	(19,530)	(12,628)
(Over)/under provision in prior years	(43,200)	22,109
Tax rebate	–	(11,003)
	1,990,319	1,264,605

17 Related parties

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors are considered as key management personnel of the Company.

The Company's directors are also employees of a related company and their salaries and related costs are borne by the related company. No consideration is paid to the related company for the services rendered by the directors.

Other related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions between the Company and its related parties took place at terms agreed between the parties:

	2020 US$	2019 US$
Sales to related companies	232,034	174,072
Purchases from related companies	(2,937,097)	(993,242)
Service fees from related companies	(621,995)	(1,667,427)

18 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises from the Company's trade and other receivables and cash and cash equivalents.

The carrying amounts of financial assets and contract assets represent the Company's maximum exposures to credit risk, before taking into account any collateral held the Company does not require any collateral in respect of their financial assets.

Counterparty credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk

Expected credit loss assessment for customers

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprises a very large number of small balances.

Expected credit loss are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. As of 31 December 2020 and 31 December 2019, no scalar factor has been applied as management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December:

	Weighted average loss rate %	Gross carrying amount US$	Impairment loss allowance US$
2020			
Not past due	0%	38,448,867	–
Past due 1 – 30 days	0%	999,445	–
Past due 31 – 60 days	0%	190,899	–
Past due 61 – 90 days	0%	551,172	–
Past due 91 – 180 days	0%	968,749	–
Past due more than 180 days	0%	710,772	–
		41,869,904	–

	Weighted average loss rate %	Gross carrying amount US$	Impairment loss allowance US$
2019			
Not past due	0%	26,596,074	–
Past due 1 – 30 days	0%	620,651	–
Past due 31 – 60 days	0%	146,111	–
Past due 61 – 90 days	0%	337,402	–
Past due 91 – 180 days	0%	256,370	–
Past due more than 180 days	0%	540,512	–
		28,497,120	–

Cash and cash equivalent

The Company held cash and cash equivalents of US$2,029 as at 31 December 2020 (2019: US$32,380). The cash and cash equivalents are held with a bank which is regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit rating of the bank, which meet the appropriate credit criteria.

The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Note	2020 One year or less US$	2019 One year or less US$
Non-derivative financial assets			
Trade and other receivables	8	41,869,904	28,497,120
Cash and cash equivalents	9	2,029	32,380
Trade and other payables	12	(4,617,197)	(2,629,310)
Total undiscounted financial assets		37,254,736	25,900,190

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Therefore, at the reporting date, the Company did not have any significant interest rate exposure.

Currency risk

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company.

The Company's exposure to China Yuan ('CNY'), Singapore dollar ('SGD') and Great British Pound ('GBP') expressed in the Company's functional currency is as follows:

	2020			2019		
	CNY expressed in US$	**SGD expressed in US$**	**GBP expressed in US$**	**CNY expressed in US$**	**SGD expressed in US$**	**GBP expressed in US$**
Trade and other payables	–	407,527	16,087	27,526	34,403	14,886

Sensitivity analysis

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the CNY, SGD and GBP exchange rates against the functional currency of the Company, with all other variables held constant.

	2020 Profit before tax US$	**2019 Profit before tax US$**
USD/CNY (10% strengthening)	–	(2,753)
(10% weakening)	–	2,753
USD/SGD (10% strengthening)	(40,753)	(3,440)
(10% weakening)	40,753	3,440
USD/GBP (10% strengthening)	(1,609)	(1,489)
(10% weakening)	1,609	1,489

19 Subsequent event

(a) On 10 September 2021, the directors approved an interim one-tier (tax exempt) dividend amounting to US$39,000,000 on 8,310,992 issued shares. US$36,000,000 was paid on 20 September 2021 and US$3,000,000 was paid on 29 September 2021.

(b) Following a restructuring exercise, on 1 October 2021, the immediate holding company, Baker Hughes Asia Holdings B.V., transferred 100% of the shares in the Company, comprising of 8,310,992 ordinary shares to MHWirth (Singapore) Pte Ltd, forming part of the Akastor ASA group of companies. The consideration for the transfer is a sum of USD8,245,146.

Annual financial statements as at 31 December 2021 and management report

TRANSLATION – AUDITOR'S REPORT

MHWirth GmbH
Erkelenz

KPMG AG Wirtschaftsprüfungsgesellschaft

MHWirth GmbH

Balance sheet as at 31 December 2021

Assets

	31 Dec. 2021	31 Dec. 2020
	Euro	Euro
A. Fixed Assets		
I. Intangible assets		
1. Internally generated rights and assets		
a) Own developments	911,600.00	1,264,589.54
b) Own developments in progress	484,004.72	200,737.25
	1,395,604.72	1,465,326.79
2. IT software and industrial property rights acquired for a consideration	169,449.00	256,152.00
	1,565,053.72	**1,721,478.79**
II. Property, plant and equipment		
1. Buildings on third-party land	9,741,551.00	10,139,827.00
2. Technical equipment and machinery	4,543,685.51	5,063,465.00
3. Other equipment, operating and office equipment	241,920.00	374,853.00
4. Advance payments and construction in progress	20,248.22	50,978.28
	14,547,404.73	**15,629,123.28**
III. Financial assets		
Investments	1.00	1.00
	1.00	**1.00**
	16,112,459.45	**17,350,603.07**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	1,533,887.21	1,649,192.79
2. Work in progress	15,364,588.89	10,299,513.47
3. Finished goods	17,038,650.51	16,883,520.16
4. Advance payments	1,724,475.99	1,283,708.94
5. Payments received on account of orders	-9,656,683.97	-477,658.11
	26,004,918.63	**29,638,277.25**
II. Receivables and other assets		
1. Trade receivables	5,515,943.08	16,033,644.14
2. Receivables from affiliated companies	3,129,516.80	3,505,719.81
3. Other assets	2,949,782.18	1,693,551.39
	11,595,242.06	**21,232,915.34**
III. Cash and cash equivalents	**2,352,492.60**	**1,427,055.58**
	39,952,653.29	**52,298,248.17**
C. Prepaid expenses	**0.00**	**0.00**
	56,278,314.35	**69,663,452.80**

Equity and liabilities

	31 Dec. 2021	31 Dec. 2020
	Euro	Euro
A. Equity		
I. Subscribed capital	9,328,700.00	9,328,700.00
II. Capital reserve	2,666,256.28	2,666,256.28
III. Other revenue reserves	914,378.00	914,378.00
IV. Retained earnings/accumulated deficit	5,692,000.57	-1,936,152.13
V. Net income/loss for the year	-5,203,090.48	7,628,152.70
	13,398,244.37	**18,601,334.85**
B. Provisions		
1. Provisions for pensions and similar obligations	9,600,378.00	9,055,500.00
2. Tax provisions	1,331,689.00	5,700.00
3. Other provisions	11,431,864.58	14,778,830.00
	22,363,931.58	**23,840,030.00**
C. Liabilities		
1. Payments received on account of orders	291,093.77	610,463.81
2. Trade payables	5,025,439.98	3,850,951.56
3. Liabilities to affiliated companies	11,540,100.01	19,975,090.75
4. Other liabilities	3,659,504.64	2,785,581.83
- thereof for taxes: EUR 1,189,493.86 (PY: EUR 505,625.43) -		
- thereof for social security: EUR 2,061,318.71 (PY: EUR 2,200,304.62) -		
	20,516,138.40	**27,222,087.95**
	56,278,314.35	**69,663,452.80**

MHWirth GmbH
Income statement for the period from
1 January 2021 to 31 December 2021

		1 Jan. 2021 to 31 Dec. 2021		1 Jan. 2020 to 31 Dec. 2020	
		Euro	Euro	Euro	Euro
1.	Revenue		47,533,011.11		99,981,975.95
2.	Increase or decrease in finished goods and work in progress		6,258,046.71		-15,358,135.55
3.	Other own work capitalised		93.00		93,888.00
4.	Other operating income		2,844,980.82		3,170,867.72
5.	Cost of materials				
	a) Cost of raw materials and supplies	22,723,556.99		32,591,583.05	
	b) Cost of purchased services	3,648,778.39	26,372,335.38	4,478,804.84	37,070,387.89
6.	Personnel expenses				
	a) Wages and salaries	17,148,048.81		19,413,681.60	
	b) Social security, pension and other benefits - thereof for pensions: EUR 3,897.88 (PY: EUR 27,497.88)	4,348,199.69	21,496,248.50	4,293,617.63	23,707,299.23
7.	Amortisation of intangible assets and depreciation of property, plant and equipment		1,998,430.32		1,985,406.76
8.	Other operating expenses		9,821,681.49		15,195,181.76
9.	Other interest and similar income		5,648.53		73,835.41
10.	Interest and similar expenses		946,885.84		1,820,131.19
11.	Income tax refund (PY: expense)		-302,509.58		555,957.00
12.	**Earnings after taxes**		-3,691,291.78		7,628,067.70
13.	Other taxes (PY: refund)		1,511,798.70		-85.00
14.	**Net loss/income for the year**		**-5,203,090.48**		**7,628,152.70**

MHWirth GmbH, Erkelenz

Notes to the financial statements
for financial year 2021

Accounting policies

MHWirth GmbH (registered office at Erkelenz, registered in the Commercial Register of the District Court of Mönchengladbach, Commercial Register entry number HRB 8471) is a large corporation as defined in Section 267 (3) of the German Commercial Code [HGB]. The annual financial statements for the year ended 31 December 2021 were prepared in accordance with the provisions on accounting set out in the German Commercial Code and in the German Limited Liability Companies Act [GmbHG]. MHWirth GmbH is part of the HMH corporate group. HMH is a group of companies newly formed in Q4/2021. 50% of its shares are held by the Akastor Group (Norway) and 50% by Baker Hughes (USA).

Intangible assets and property, plant and equipment are valued at cost less amortisation, depreciation and impairment. The option under Section 248 (2) HGB to capitalise internally created intangible assets has been exercised. These assets are amortised over their typical useful lives. Property, plant and equipment is depreciated on a straight-line basis. Up until 2017, low-value assets were aggregated in a collective item that continues to be depreciated on a straight-line basis over a useful life of five years. Since 2018, low-value assets valued at up to EUR 800 have been directly written down at year-end. Financial assets are measured at cost less impairment in accordance with Section 253 (3) sentence 4 HGB.

Inventories are stated at the lower of cost or market value. Alongside direct costs, production costs also include appropriate portions of overheads. Inventory risks are accounted for through sufficient write-downs. Write-downs are made to fair value pursuant to Section 253 (4) sentence 2 HGB. Regarding impairment of slow-moving inventories of finished products, write-downs at specific rates were established depending on the most recent addition and consumption, as well as on the predicted inventory turnover, unless higher write-downs are warranted due to specific circumstances.

Interest on borrowed capital is not taken into account in the measurement of either fixed or current assets.

Payments received from customers are deducted from inventories up to the amount of related work in progress. Advance payments received exceeding work in progress are recognised as liabilities.

Receivables and other assets are generally recognised at nominal value. Appropriate allowances are recognised for default risks and general credit risks.

Unchanged as compared to the prior year, during the financial year under review, the general allowance on trade receivables was recognised at 1.0% of those receivables for which no specific allowances were recorded. Specific allowances are recognised on individual doubtful receivables, based on the expected receipt of payment thereof.

Cash and cash equivalents and bank balances are recognised at their nominal amounts. Amounts denominated in foreign currency are translated to euro at the average spot exchange rate as at the balance sheet date.

Prepaid expenses concern expenditures during the reporting year that represent expenses for a specific period of time after the balance sheet date.

An excess of tax liabilities resulting from valuation differences between the commercial and tax balance sheets and measured at the individual tax rate of the company in question is recognised as deferred tax liabilities pursuant to Section 274 HGB. If there is an excess of assets, the option of recognising deferred tax assets under Section 274 (1) sentence 2 HGB is not exercised. No deferred tax assets are recognized for tax loss carryforwards.

Provisions for pensions were valued using the projected unit credit method. The Company has exercised the option under Section 253 (2) HGB to discount the provisions using the average interest rate published by the German Central Bank [Deutsche Bundesbank] for a remaining maturity of 15 years.

Discounting is based on an average interest rate for the last ten years as published by the Deutsche Bundesbank. The calculation is based on actuarial mortality tables and expected future wage, salary and pension increases as well as employee turnover probabilities.

As in prior years, pension provisions were recognised at 1/15, in application of the provision of Article 67 (1 and 3) of the Introductory Act to the German Commercial Code [EGHGB].

Other provisions take into account all discernible risks and contingent liabilities in the settlement amount required based on prudent commercial judgement. Provisions with a remaining term of more than one year are recognised with their expected settlement amount and discounted at an interest rate corresponding to the respective term.

Liabilities are stated at their settlement amounts pursuant to Section 253 (1) HGB.

Current receivables and liabilities denominated in foreign currencies are translated at the average spot exchange rate as at the balance sheet date (Section 256a HGB), or at the hedging rate.

The regulations for the formation of a valuation unit (hedge) for compensatory valuation of hedging relationships for pending and recognised transactions denominated in foreign currency and forward exchange contracts have been applied. Due to matching amounts and maturities, currencies and terms, opposing changes in value and cash flows balance out during the term of the hedged item and hedging instrument.

Under the net hedge presentation method, the offsetting changes in value of the effective portion are not recognised in the balance sheet. Sections 249 (1) and 252 (1) no. 3 and 4 as well as Section 256a HGB are not applied.

Explanatory notes on the balance sheet

Fixed assets

Movements in individual items of fixed assets are presented in the statement of movements in fixed assets. The development costs capitalised in 2021 in accordance with Section 248 (2) HGB in the amount of KEUR 283 concern product standardisation and optimisation and are presented in the statement of movements in fixed assets. Pursuant to Section 268 (8) HGB these sums are subject to a limitation on profit distribution.

Total research and development costs during the financial year under report stood at KEUR 681 (PY: KEUR 890).

Current assets

Of total trade receivables, KEUR 0 (PY: KEUR 0) have a remaining term of more than one year.

Receivables from affiliated companies mainly concern receivables from MHWirth AS, Kristiansand, Norway (shareholder), totalling KEUR 291 (PY: KEUR 2,001) and other affiliates. As in the previous year, these amounts predominantly consist of trade receivables and have a remaining term of less than one year.

Deferred tax assets

Deferred taxes consist entirely of differences between amounts shown in the commercial and tax balance sheets. Deferred tax assets arise from property, plant and equipment, pension provisions, other provisions and liabilities; deferred tax liabilities relate to internally generated intangible assets and receivables. After applying the company-specific tax rate of 30.525%, the resulting net deferred tax asset amounts to KEUR 3,342.

	2021	2020
Differences in internally generated intangible assets	-1,396	-1,465
Differences in property, plant and equipment	+3,283	+3,899
Differences in receivables	0	-21
Differences in other provisions	+2,487	+2,979
Differences in pension provisions	+6,574	+5,867
Difference in liabilities	0	+51
Total	**10,948**	**11,310**

In addition, there are tax loss carryforwards from trade tax amounting to KEUR 10,440 (PY: KEUR 5,282) as well as from corporate income tax in the amount of KEUR 9,713 (PY: KEUR 6,598) which would, at a trade tax rate of 14.7% and a corporate income tax rate, including solidarity surcharge, of 15.825%, lead to deferred tax assets of KEUR 3,072 (PY: KEUR 1,821).

The Company does not exercise the option under Section 274 (1) sentence 2 HGB to recognise deferred tax assets in the balance sheet.

Equity

The Company's subscribed capital remains unchanged at KEUR 9,329. Together with the net loss for the year 2021 of KEUR 5,203, the capital reserve of KEUR 2,666, revenue reserves of KEUR 914 and an accumulated deficit of KEUR 5,692, this results in equity of KEUR 13,398.

As in the prior year, no dividends were distributed during the financial year under review.

Provisions for pensions

As at 31 December 2021, an average interest rate of the last ten years as published by the Deutsche Bundesbank was used for discounting. As at 31 December 2021, a forecast interest rate of 1.87% (PY: 2.30%) was used. The mortality and disability rates for the valuation of obligations were based on the 2018 G mortality tables of Prof. Klaus Heubeck. In addition and unchanged from the prior year, a wage and salary growth rate of 0.00%, a fixed commitment and pension growth rate of 1.75% as well as industry-specific turnover rates were taken into account in the valuation of provisions.

The difference according to Section 253 (6) sentence 1 HGB equalled KEUR 785 (PY: KEUR 1,032) as at 31 December 2021, and is restricted from distribution.

In compliance with Article 67 (1 and 3) EGHGB, during the financial year ended, pension provisions were increased by 1/15 of the deficit as per Article 67 (1) EGHGB and recognised at a discount rate of 1.87%. The deficit not recognised as a liability of 3/15 stands at KEUR 456 (PY: KEUR 609).

Provisions

Other provisions of KEUR 11,432 mainly comprise outstanding invoices for inventories in process (KEUR 2,549), personnel costs (KEUR 5,609), warranties (KEUR 1,884), and other contingent liabilities (KEUR 1,390). These were measured according to prudent commercial judgement.

In calculating the general warranty provisions, revenue for which specific warranty provisions have already been recognised is not included. Provisions for anniversary payments were measured in compliance with the discounted value method using a discount rate of 1.35% (remaining term pursuant to Section 253 (2) sentence 2 HGB: 15 years). Provisions for partial retirement benefits for 39 employees were measured on the basis of a discount rate of 1.35% (remaining term pursuant to Section 253 (2) sentence 2 HGB: 15 years), a salary and pension progression ceiling rate of 2.40%, an employee turnover rate of 0%, and the 2018 G mortality tables by Prof. Klaus Heubeck, in application of Circular HFA 3 of the Institute of Public Auditors in Germany [IDW]. Other provisions with a remaining term of more than 12 months were recognised at discount rates with matching maturities to the term of the obligations pursuant to Section 253 (2) HGB and an assumed inflation rate of 2.0%.

Liabilities

		Thereof amounts with remaining terms		
Balance sheet item	**Total amount** EUR	of up to one year EUR	from one to five years EUR	of more than five years EUR
1. Advance payments received on account of orders	**291,093.77**	**291,093.77**	**0.00**	**0.00**
Prior year	*610,463.81*	*610,463.81*	*0.00*	*0.00*
2. Trade payables	**5,025,439.98**	**5,025,439.98**	**0.00**	**0.00**
Prior year	*3,850,951.56*	*3,850,951.56*	*0.00*	*0.00*
3. Liabilities to affiliated companies	**11,540,100.01**	**1,540,100.01**	**10,000,000.00**	**0.00**
Prior year	*19,975,090.75*	*975,090.75*	*19,000,000.00*	*0.00*
4. Other liabilities	**3,659,504.64**	**1,999,672.21**	**1,372,780.58**	**287,051.85**
Prior year	*2,785,581.83*	*1,005,823.56*	*1,423,017.06*	*356,741.21*
Total	**20,516,138.40**	**8,856,305.97**	**11,372,780.58**	**287,051.85**
Prior year	*27,222,087.95*	*6,442,329.68*	*20,423,017.06*	*356,741.21*

No liabilities are separately secured.

Of the liabilities to affiliated companies, KEUR 10,053 (PY: KEUR 19,042) relate to the shareholder's intra-group financing. Furthermore, there are KEUR 1,431 (PY: KEUR 570) in trade liabilities, of which KEUR 1,301 (PY: KEUR 430) are payable to the shareholder.

Payments received on account of orders

Liabilities to affiliated companies include KEUR 56 (PY: KEUR 363) in payments received on account of orders. Work in progress has already been created for payments received of KEUR 0 (PY: KEUR 47), which is why these are deducted from inventories and liabilities. They also contain prepayments by shareholders totalling KEUR 0 (PY: KEUR 45).

Other liabilities

Other liabilities concern the welfare and provident fund of MHWirth GmbH in the amount of KEUR 2,061 (PY: KEUR 2,200).

Contingent liabilities and other financial obligations

As at 31 December 2021, other financial obligations were as follows:

- Purchase commitments	KEUR	9,455
- Leases	KEUR	241
thereof in 2022	KEUR	129
- Annual rent incl. incidental costs for land and buildings (term through 31 December 2028)	KEUR	1,049
- Repurchase obligations for machinery	KEUR	704
thereof in 2022	KEUR	704

The Company also has joint liability for all liabilities arising under the 'Multi-Currency and Group Account System Agreement' between MHH Holding B.V. and DnB NOR Bank ASA, Oslo, Norway (all of these to affiliated and associated companies) incurred from the date of the Company's accession to the agreement (1 October 2021).

The credit line of the cash pool, for which joint liability exists, amounts to a maximum of USD 5 million (thereof secured: USD 0). According to information provided by the Group, no use of this credit line is expected.

There are off-balance-sheet transactions with effects on the financial position within the framework of repurchase agreements. These involve the repurchase of a roadheader upon completion of use by a customer. This is a conventionally structured agreement designed to make the repurchased machine available for use in future projects. The Company's financial position is expected to be negatively affected in the amount of KEUR 704 as at the date of the machines' return. A provision in the amount of KEUR 187 was recognised for the reuse risk.

Explanatory notes on the income statement

Revenue

Revenue, broken down by region and product group, is as follows:

	2021 EUR million	2020 EUR million
Regions:		
Federal Republic of Germany	2.3	3.0
Rest of Europe	19.8	26.5
Other countries	25.4	70.5
	47.5	100.0
By product group:		
Oilfield Equipment & Systems	24.2	45.2
Slurry & RC Drilling	21.1	53.1
Other	2.2	1.7
	47.5	100.0

Other operating income

Among other amounts, this item includes income relating to other periods from reversing provisions (KEUR 600; PY: KEUR 613), income from revering impairment losses (KEUR 108, PY: KEUR 40) and from the disposal of fixed assets (KEUR 7, PY: KEUR 1,) as well as income from foreign currency translation (KEUR 553; PY: KEUR 342).

Write-downs of current assets exceeding regular write-downs within the Company

No additional exceptional write-downs (expense of exceptional size) were recognised in the reporting year on account of obsolescence.

Other operating expenses

Other operating expenses include expenses from foreign currency translation (KEUR 297; PY: KEUR 488) and other general administrative and distribution costs.

In addition, pursuant to the German Accounting Directive Implementation Act [BilRUG] this item also includes KEUR 152 (PY: KEUR 153) in adjustments under commercial law of pension liabilities in the course of the implementation of the German Accounting Law Modernisation Act [BilMoG].

Other interest and similar income

This item includes KEUR 5 (PY: KEUR 2) in interest income from changes in warranty provisions as well as other interest income.

Interest and similar expenses

This item includes KEUR 245 in expenses from unwinding the discount on long-term provisions (PY: KEUR 309) and KEUR 503 in interest expenses (PY: KEUR 1,287) vis-à-vis Akastor ASA and MHWirth AS (affiliated companies) for a loan granted within the framework of Akastor ASA Corporate Treasury/internal group financing.

Other

As the Company was not operating at full capacity on account of the Covid-19 crisis, short-time working was applied for by MHWirth GmbH and was implemented in individual business segments in 2021. Compensation for reduced hours and the reimbursement for social security contributions (MEUR 0,5) were recognised in the income statement, and personnel expenses(MEUR 0,6) were reduced accordingly.

Other disclosures

Derivatives

During the financial year, derivative financial instruments (forward foreign exchange contracts) were used to hedge future cash flows from receivables and liabilities and firm contractual commitments denominated in foreign currency (US dollar). Each forward exchange contract is based on an underlying transaction with comparable risk in the opposite direction (micro hedge). The foreign currency receivables with hedges formed from the hedged items and hedging instruments and hedged under Section 254 HGB total KEUR 2,603 as at the balance sheet date and include KEUR 198 relating to trade receivables and KEUR 2,405 to pending sales transactions. Hedged liabilities denominated in foreign currency total KEUR 0 as at the balance sheet date and include KEUR 0 relating to trade payables and KEUR 0 to pending purchase transactions.

The risks covered by these hedges total KEUR 26. The market value of the derivatives in USD amounts to KEUR 9.

Forward exchange contracts are stated at their intrinsic value using the net hedge presentation method.

Number of employees

The average number of employees (excluding trainees) during the reporting period was:

	2021 Number	2020 Number
Wage earners	80	92
Salaried employees	191	203
	271	295

Management

Managing directors of the Company are:

Mr Einar Brønlund, Meerbusch, full-time Managing Director (until 1 February 2022)
Mr Joachim Schlebusch, Heinsberg, full-time Managing Director (starting 3 January 2022)

Supervisory Board

Members of the Company's Supervisory Board were:

Mr Eirik Bergsvik, Kristiansand, Norway, Chairperson
- Chief Executive Officer, MHWirth AS

Mr Ralf Küster, Hückelhoven, Vice-Chairperson (until January 2022)
Employee Representative, MHWirth GmbH
- Industrial mechanic

Ms Edeltraud Theißen, Linnich (since January 2022)
Employee Representative, MHWirth GmbH
- industrial sales representative

Ms Ellen Jacobs, Erkelenz
Employee Representative, MHWirth GmbH
- Works Council Chairperson, Project Operator

Mr Jan Erik Pedersen, Kristiansand, Norway (until December 2021)
- Chief Operation Officer, MHWirth AS

Mr Dag Stenevik, Kristiansand, Norway
- Chief Financial Officer, MHWirth AS

Mr Joachim Schlebusch, Heinsberg (until January 2022)
- Senior Manager, MHWirth GmbH

Remuneration

Payments to active members of the Supervisory Board totalled KEUR 9 during the financial year under review. Post-employment benefits for former members of management amounted to KEUR 130 and those for former members of the Supervisory Board to KEUR 21. Pension provisions for former members of management total KEUR 975, and provisions for former members of the Supervisory Board amount to KEUR 221.

In accordance with Section 286 (4) HGB, the remuneration paid to management is not disclosed.

Auditor's fee

The auditor was paid the following remuneration:

	2021 (KEUR)	2020 (KEUR)
Audit services	80	86
Other assurance services	0	0
Tax advisory services	0	0
Other services	83	7
Total	**163**	**93**

Consolidated financial statements

For the first three quarters of 2021 the annual financial statements of the Company are included in the consolidated financial statements of Akastor ASA, Oslo, Norway (smallest and largest consolidation group), which are filed with the commercial register of Brønnøysund, Norway, under file number 986 529 551. The fourth quarter is included in the consolidated financial statements of MHH Holding B.V., Amsterdam, Netherlands, which is filed under the number 82719322 in the commercial register of Amsterdam, Netherlands.

		Ownership interest	Equity in KEUR 31 Dec. 2021	Earnings in KEUR 31 Dec. 2021
Investments:				
Shenyang WIRTH-NFM – SHMG Heavy Tunneling & Construction Machinery Co., Ltd., Shenyang, China	*) **)	24.0%	--	--

*) Not an operating entity
**) No current data available.

Appropriation of earnings and restriction on distribution

Pursuant to Section 268 (8) HGB, an amount of EUR 1,395,604.72 is subject to a restriction on distribution (internally generated rights and assets of EUR 1,395,604.72).

Under Section 253 (6) sentence 1 HGB (difference in pension provisions from the change in the interest rate from the average rate for seven years to the average rate for 10 years), an additional EUR 785,365.00 is subject to a restriction on distribution.

Management will propose that the net loss for the year of EUR 5,203,090.48 be offset with the retained earnings brought forward of EUR 5,692,000.57, and that the remaining amount of EUR 488,910.09 be carried forward to the following year.

Subsequent events

Since 24 February 2022, Russia has been at war with Ukraine. The effects of the Russia-Ukraine war represent a non-adjusting event and therefore have no effect on the recognition and measurement of assets and liabilities as at the reporting date. With regard to the potential impacts of the war in Ukraine on the Company's assets, liabilities, financial position and financial performance, as well as its future situation, please refer to Section 3 'Forecasts, opportunities and risks' of the management report.

No other events or transactions of particular importance have occurred or become known after the balance sheet date that might have a significant effect on the Company's assets, liabilities, financial position or financial performance in the financial year under report.

Erkelenz, 14 April 2022

MHWirth GmbH
Management

Joachim Schlebusch, Managing Director

MHWirth GmbH, Erkelenz
Movements in fixed assets

Statement of movements in fixed assets

	Cost 1 Jan. 2021	Additions	Disposals	Reclassifications	Cost 31 Dec. 2021	Accumulated amortisation, depreciation and write-downs	Book value 31 Dec. 2021	Book value 31 Dec. 2020
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
I. Intangible assets								
1. Internally generated rights and assets								
a Own developments	10,013,973.13	0.00	0.00	0.00	10,013,973.13	9,102,373.13	911,600.00	1,264,589.54
b Own developments in progress	200,737.25	283,267.47	0.00	0.00	484,004.72	0.00	484,004.72	200,737.25
	10,214,710.38	283,267.47	0.00	0.00	10,497,977.85	9,102,373.13	1,395,604.72	1,465,326.79
4. IT software and industrial property rights acquired for a consideration	3,866,969.59	7,250.00	0.00	0.00	3,874,219.59	3,704,770.59	169,449.00	256,152.00
	14,081,679.97	290,517.47	0.00	0.00	14,372,197.44	12,807,143.72	1,565,053.72	1,721,478.79
II. Property, plant and equipment								
1. Buildings on third-party land	13,881,538.76	0.00	0.00	0.00	13,881,538.76	4,139,987.76	9,741,551.00	10,139,827.00
2. Technical equipment and machinery	27,743,871.22	425,591.45	380,784.93	35,582.21	27,824,259.95	23,280,574.44	4,543,685.51	5,063,465.00
3. Other equipment, operating and office equipment	5,168,133.15	54,031.63	64,418.82	0.00	5,157,745.96	4,915,825.96	241,920.00	374,853.00
4. Advance payments and construction in progress	50,978.28	4,852.15	0.00	-35,582.21	20,248.22	0.00	20,248.22	50,978.28
	46,844,521.41	484,475.23	445,203.75	0.00	46,883,792.89	32,336,388.16	14,547,404.73	15,629,123.28
III. Financial assets								
1. Shares in affiliated companies	2,434.80	0.00	0.00	0.00	2,434.80	2,434.80	0.00	0.00
2. Investments	137,844.44	0.00	0.00	0.00	137,844.44	137,843.44	1.00	1.00
	140,279.24	0.00	0.00	0.00	140,279.24	140,278.24	1.00	1.00
IV. Total fixed assets	**61,066,480.62**	**774,992.70**	**445,203.75**	**0.00**	**61,396,269.57**	**45,283,810.12**	**16,112,459.45**	**17,350,603.07**

Statement of amortisation, depreciation and write-downs

	Amortisation, depreciation and write-downs 1 Jan. 2021	Amortisation, depreciation and write-downs during the financial year	Disposals	Amortisation, depreciation and write-downs 31 Dec. 2021
	Euro	Euro	Euro	Euro
I. Intangible assets				
1. Internally generated rights and assets	0.00	0.00	0.00	0.00
2. Own developments	8,749,383.59	352,989.54	0.00	9,102,373.13
3. Own developments in progress	0.00	0.00	0.00	0.00
4. IT software and industrial property rights acquired for a consideration	3,610,817.59	93,953.00	0.00	3,704,770.59
5. Goodwill	0.00	0.00	0.00	0.00
	12,360,201.18	446,942.54	0.00	12,807,143.72
II. Property, plant and equipment				
1. Buildings on third-party land	3,741,711.76	398,276.00	0.00	4,139,987.76
2. Technical equipment and machinery	22,680,406.22	966,247.15	366,078.93	23,280,574.44
3. Lease machines	0.00	0.00	0.00	0.00
4. Other equipment, operating and office equipment	4,793,280.15	186,964.63	64,418.82	4,915,825.96
5. Advance payments and construction in progress	0.00	0.00	0.00	0.00
	31,215,398.13	1,551,487.78	430,497.75	32,336,388.16
III. Financial assets				
1. Shares in affiliated companies	2,434.80	0.00	0.00	2,434.80
2. Investments	137,843.44	0.00	0.00	137,843.44
	140,278.24	0.00	0.00	140,278.24
IV. Total amortisation, depreciation and write-downs	**43,715,877.55**	**1,998,430.32**	**430,497.75**	**45,283,810.12**

Management report 2021

of

MHWirth GmbH

Management report for 2021

1. Company profile

i. Business model

MHWirth GmbH is part of the HMH corporate group. HMH is a group of companies recently formed in Q4/2021. 50% of its shares are held by the Akastor Group (Norway) and 50% by Baker Hughes (USA). The Company develops, engineers, produces, markets and leases different types of drilling systems, slurry and liquid pumps, draw works, rotary tables, rotary swivels and related products, including corresponding spare parts and services. The products are used globally.

The Company is divided by function into Sales (sales and distribution), Drilling Lifecycle Services (spare parts management and service) and Operations, consisting of Engineering (design and development), Production (manufacturing), Supply Chain (purchasing and distribution logistics), Project Management (project management), Quality Assurance and HSSE (quality management and health, safety, security and environment). In addition, there are the typical administration functions under the management of the local CFO. These include Financial Accounting, Controlling, Risk Management, Tax, Human Resources IT/IS (information technology, information security) and Legal. The Company conducts its business on leased premises in Erkelenz and operates worldwide, with an export ratio of around 95%. The most important sales markets are Asia, Europe (Norway in particular), Australia and South America.

As at 31 December 2021, MHWirth HoldCo AS holds all the shares in MHWirth GmbH.

The Company's financial performance indicators are order intake, revenue, EBITDA (earnings before interest, tax, depreciation and amortisation), NCOA (net current operating assets as defined in IFRS group reporting) and CAPEX (capital expenditure). A non-financial performance indicator is the number of accidents leading to a subsequent loss of working hours.

ii. Research and development

Development work in 2021 was primarily focused on product standardisation and optimisation. Total research and development expenses amounted to EUR 0.7 million in 2021 (PY: EUR 0.9 million).

In terms of intangible fixed assets, development expenses totalling EUR 0.3 million were capitalised during financial year 2021. These also relate to product standardisation and optimisation and are presented in the statement of movements in fixed assets. Write-downs of research and development costs totalled EUR 0.4 million (PY: EUR 0.3 million).

2. Economic report

i. General economic conditions and industry environment

Positive economic growth of 2.1% was calculated for Germany in 2021. In comparison to the previous year, which was impacted by the coronavirus pandemic, this represents an increase (PY: -4.6%).
(source: https://de.statista.com/statistik/daten/studie/74644/umfrage/prognose-zur-entwicklung-des-bip-in-deutschland/)
Positive economic growth of around 5.0% was forecast for the eurozone in 2021 (PY: -7.8%) (source: http://wko.at/statistik/eu/europa-wirtschaftswachstum.pdf).
The other main markets were forecast to experience positive economic growth in 2021 as follows: Norway 3.0%, India 9.5%, China 8.0%, Singapore 6.0%, Brazil 5.2%, Australia 3.5%.
(sources: https://de.statista.com/statistik/daten/studie/14549/umfrage/wachstum-des-bruttoinlandsprodukts-bip-in-norwegen/
https://de.statista.com/statistik/daten/studie/14564/umfrage/wachstum-des-bruttoinlandsprodukts-in-indien/
https://de.statista.com/statistik/daten/studie/14560/umfrage/wachstum-des-bruttoinlandsprodukts-in-china/
https://de.statista.com/statistik/daten/studie/321761/umfrage/wachstum-des-bruttoinlandsprodukts-bip-in-singapur/
https://de.statista.com/statistik/daten/studie/14559/umfrage/wachstum-des-bruttoinlandsprodukts-in-brasilien/
https://de.statista.com/statistik/daten/studie/14529/umfrage/wachstum-des-bruttoinlandsprodukts-in-australien/)

As a key factor influencing demand, the price of oil was subject to significant fluctuations in the course of financial year 2021. At the beginning of the year it stood at USD 54.3 per barrel, while at the end of the year it stood at USD 77.8, having recovered during the second half of the year. At the beginning of the coronavirus crisis and in Q2 2020, the price of crude oil temporarily fell to under USD 30.00 (source:). In 2021, prices of other raw materials increased, in some cases sharply, such as aluminium (approx. 27.9%) and copper (approx. 18.3%). As commodity prices are subject to regular fluctuations, we anticipate rising demand for our products over the long term on account of these developments.

In financial year 2021, these general conditions had a positive impact on the order situation. Particularly in relation to the extraction of raw materials required for e-mobility (nickel, cobalt), there was an increase in the volume of tenders and order intake. This increase has not yet been observed in the oil-related product portfolio, as customers are first putting decommissioned equipment back into operation. For example, worldwide utilisation of offshore-floater drilling facilities rose again slightly to around 78% in the second half of 2021 (2020: approx. 70%, source: IHS Markit). The number of active drilling rigs with MHWirth equipment increased slightly in 2021 (2021: approx. 52 rigs, 2020: approx. 47 rigs, 2019: approx. 50 rigs, source: in-house).

ii. Business performance

Sales market

The order situation in the core product area of Oil and Gas (mainly mud pumps, draw works, rotary tables and rotary swivels) decreased in financial year 2021, primarily as a result of a decline in propensity to invest during the coronavirus crisis. The coronavirus crisis, which is to be considered a non-recurring event, caused global oil demand to drop by around 10-15%. One factor further exacerbating the situation was the restrictions on travel, which severely limited global sales activities. Particularly in the main markets, sales volumes are heavily dependent on on-site presence.

The order situation in the RC-Drilling product range (pile top drill rigs and subsea mining) increased compared to the prior financial year.
In the slurry pumps product range, the Company benefited last year from its intensive efforts to boost its competitiveness. As a result of these efforts, a significant increase in order intake was recorded in financial year 2021.

Procurement market

The procurement market reported a sharp rise in price levels in 2021. Thanks to new suppliers continually obtaining relevant qualification, framework agreements with suppliers as well as early procurement of selected components, this price level is optimised on an ongoing basis.

iii. Assets, liabilities, financial position and financial performance

As a result of the lower order intake in the previous year and at the beginning of 2021, financial year 2021 was challenging. The capacity utilisation of our segments therefore fluctuated significantly and was offset through reduced working hours.

Compared to the prior year, order intake recovered from Q2 2021 onwards. However, as a result of the coronavirus crisis and the ensuing deterioration of the market situation, it failed to reach pre-pandemic levels. Overall, order intake in 2021 totalled EUR 69.2 million (PY: EUR 45.2 million). This figure was EUR 12.1 million lower than the forecast in last year's management report (EUR 81.3 million).

Order intake per year in EUR million

2020	45.2
2021	69.2

Revenue in financial year 2021 amounted to EUR 47.5 million and was thus EUR 52.5 million lower than in the previous year (EUR 100.0 million). Revenue had been projected at EUR 71.7 million. The assumptions made at the time of the forecast had predicted a quicker market recovery and a shorter-lasting coronavirus pandemic.

Revenue in EUR million

2020	100.0
2021	47.5

EBITDA amounted to EUR -1.1 million in financial year 2021. Prior year's EBITDA equalled EUR 11.9 million. This sharp decline was attributable to the slump in revenue of over 50% and significantly exceeded the projected drop for 2021.

EBITDA in EUR million

2020	11.9
2021	-1.1

In financial year 2021, investments totalling EUR 0.3 million were made (CAPEX, PY: EUR 0.4 million). This figure is thus in line with the planning for the current year. The number of accidents entailing lost working hours equalled 1 (PY: 0); zero accidents had been targeted.

Financial performance

Income statement	2021 EUR million	2021 %	2020 EUR million	2020 %	Change EUR million
Revenue	**47.5**	88.3	**100**	118.1	**-52.5**
Change in inventories	**6.3**	11.7	**-15.4**	-18.2	**21.7**
Other own work capitalised	**0.0**	0.0	**0.1**	0.1	**-0.1**
Total operating revenue	**53.8**	100.0	**84.7**	100.0	**-30.9**
Other operating income	**2.8**	5.2	**3.2**	3.8	**-0.4**
Cost of materials	**26.4**	49.1	**37.1**	43.8	**-10.7**
Personnel expenses	**21.5**	40.0	**23.7**	28.0	**-2.2**
Other operating expenses	**9.8**	18.2	**15.2**	18.0	**-5.4**
EBITDA	**-1.1**	-2.0	**11.9**	14.0	**-13.0**
Amortisation, depreciation and write-downs	**2.0**	3.7	**2.0**	2.3	**0.0**
EBIT	**-3.1**	-5.8	**9.9**	11.7	**-13.0**
Other interest and similar income	**0.0**	0.0	**0.0**	0.0	**0.0**
Interest and similar expenses	**0.9**	1.7	**1.8**	2.1	**-0.9**
Earnings before taxes	**-4.0**	-7.4	**8.1**	9.6	**-12.1**
Income taxes	**-0.3**	-0.6	**0.5**	0.7	**-0.8**
Earnings after taxes	**-3.7**	-6.9	**7.6**	8.9	**-11.3**
Other taxes	**1.5**	2.8	**0.0**	0.0	**1.5**
Net loss for the year	**-5.2**	-9.7	**7.6**	9.0	**-12.8**

Revenue for financial year 2021 (EUR 47.5 million) decreased by EUR 52.5 million compared to the previous year (EUR 100.0 million). The reduction in revenue was mainly attributable to the following product areas: DLS, products for the oil and gas industry and slurry pumps.

Total operating revenue decreased by EUR 30.9 million (36.5%) and stood at EUR 53.8 million (PY: EUR 84.7 million).

The cost of materials (EUR 26.4 million) declined by EUR 10.7 million (28.8%) compared to the prior year (EUR 37.1 million) on account of the decrease in business volume. The cost of materials ratio (cost of materials/total operating revenue) totalled 49.1% (PY: 43.8%). The increase in the cost of materials ratio was mainly due to a change in the composition of total operating revenue and the processing of various orders.

Personnel expenses dropped year on year by EUR 2.2 million, from EUR 23.7 million to EUR 21.5 million. Headcount as at 31 December 2021 totalled 289 employees (31 December 2020: 323).

EBIT decreased by EUR 13.0 million, from EUR 9.9 million in the previous year to EUR -3.1 million in the year under review.

Net income for the year after taxes decreased by EUR 11.3 million from EUR 7.6 million in the previous year to EUR -3.7 million, mainly as a result of the sharp reduction in revenue in 2021. The net loss for the year also includes non-recurring expenses incurred as a result of the reorganisation of the group of companies.

Financial position

Financing as at the balance sheet date breaks down as follows:

Equity (EUR 13.4 million, PY: EUR 18.6 million); the reduction is due to the net loss for the financial year 2021 (EUR 5.2 million), liability to MHWirth AS (EUR 10.0 million, PY: EUR 19.0 million to then Akastor Corporate Treasury), advance payments from customers (EUR 0.3 million, PY: EUR 0.6 million) as well as other liabilities (EUR 3.7 million, PY: EUR 2.8 million) and provisions (EUR 22.4 million, PY: EUR 23.8 million). In addition, the Company has the flexibility to utilize corresponding intercompany loans with variable terms, for example to pre-finance projects with high costs of materials.

Cash and cash equivalents amounted to EUR 2.4 million as at 31 December 2021 (PY: EUR 1.4 million). In financial year 2021, the total cash flow generated from operating activities amounted to EUR 10.8 million (PY: EUR 13.8 million), cash flows from investing activities totalled EUR 0.1 million (PY: EUR 0.3 million) and cash flows from financing activities equalled EUR -9.8 million (PY: EUR -14.9 million). The Company was able to fulfil its financial obligations at all times throughout the year under review.

Assets and liabilities

Total assets decreased by EUR 13.4 million from EUR 69.7 million to EUR 56.3 million as at the balance sheet date. Fixed assets decreased by EUR 1.3 million; cash and cash equivalents increased by EUR 1.0 million. Inventories and receivables decreased by EUR 13.2 million. Current net working capital1 (NCOA) decreased by EUR 13.4 million, from EUR 27.9 million to EUR 14.5 million; the budget had projected a slight increase.

[1] Current assets excluding cash and cash equivalents plus prepaid expenses less tax and other provisions and less current liabilities not including intragroup financing and less deferred income.

Balance sheet structure for 2020 to 2021 in EUR million:

Assets	31 Dec. 2021		31 Dec. 2020		Change
	EUR million	%	**EUR million**	%	**EUR million**
Fixed assets	**16.1**	28.6	**17.4**	24.9	**-1.3**
Inventories	**26.0**	46.2	**29.6**	42.5	**-3.6**
Receivables and other assets	**11.6**	20.6	**21.2**	30.5	**-9.6**
Cash and cash equivalents	**2.4**	4.2	**1.4**	2.0	**1.0**
Prepaid expenses	**0.2**	0.3	**0.0**	0.0	**0.2**
Deferred tax assets	**0.0**	0.0	**0.0**	0.0	**0.0**
Total assets	**56.3**	100.0	**69.7**	100.0	**-13.4**
Equity and liabilities					
Equity	**13.4**	23.8	**18.6**	26.7	**-5.2**
Provisions	**22.4**	39.8	**23.8**	34.2	**-1.4**
Liabilities to banks	**0.0**	0.0	**0.0**	0.0	**0.0**
Other liabilities	**20.5**	36.4	**27.2**	39.1	**-6.7**
Total equity and liabilities	**56.3**	100.0	**69.7**	100.0	**-13.4**

Investments in property, plant and equipment were made in the amount of EUR 0.5 million during the period under review (PY: EUR 0.2 million). Investment activities largely concerned production-related measures.

Inventories equalled EUR 26.0 million as at the balance sheet date of 31 December 2021 (PY: EUR 29.6 million). Non-order-related inventories increased by EUR 1.4 million, from EUR 21.9 million to EUR 23.3 million. Inventories were reduced by obsolescence-related write-downs in the reporting year. Order-related inventories decreased by EUR 4.6 million, from EUR 7.0 million to EUR 2.4 million. Advance payments made increased by EUR 0.4 million, from EUR 1.3 million to EUR 1.7 million. Advance payments received that are deductible against work in progress increased by EUR 9.2 million, from EUR 0.5 million to EUR 9.7 million.

Please refer to the comments on the Company's financial position for information on cash and cash equivalents.

There were no dividend payments made during the financial year under report (PY: EUR 0.0 million). The equity ratio decreased from 26.7% to 23.8%.

Provisions decreased overall by EUR 1.4 million, from EUR 23.8 million to EUR 22.4 million. Other liabilities decreased by EUR 6.7 million, from EUR 27.2 million to EUR 20.5 million.

As a result of the continued challenging environment since the onset of the coronavirus pandemic, financial year 2021 was a difficult year. However, due to the increased order intake in 2021, the measures introduced in previous years to increase flexibility and the reduction in fixed costs, the Company is well positioned looking forward and will thus be able to compensate for fluctuations in order intake and revenue.

As at the date the management report was prepared, we consider the Company's economic situation to be stable.

3. Forecast, opportunities and risks

Forecast

General framework conditions and business expectations

Under normal market conditions, the price of oil and the general development of raw material prices are considered to be the main indicators for the Company. Due to the ongoing COVID-19 crisis, these indicators were not subject to normal fluctuations in 2020 and instead experienced a significant decline from which they did not fully recover in financial year 2021. These factors stabilised in financial year 2021, though this did not result in increased demand, at least not during the first half of the year. In the final quarter of the financial year, order intake and tender volumes increased, particularly in the after-sales business. In light of the current recovery of the oil price and the high demand for raw materials used to manufacture batteries and rechargeable batteries, along with the global progress being made in e-mobility, it is reasonable to assume that the trend of increased order intake will continue in 2022. The most immediate impact can be observed in the after-sales and service business, with customers starting to put decommissioned oil production facilities back into operation – a process associated with increased service requirements. We do not expect to see an increase in order intake for new equipment (oil) until the existing facilities have been fully reactivated.

Due to the conflict between Russia and Ukraine starting at the end of February 2022, the Company believes that the planned revenue for these two countries of EUR 2.0-2.5 million for the financial year 2022 in the service and spare parts business is very much at risk, as duration, consequences, sanctions and effects are currently impossible to predict. On the other hand, these circumstances are causing a shift in capacity in the oil and gas market in favour of the Arab/South-East Asian region, with the result that oil production there is being stepped up and plants are being brought back into operation, leading to an increase in demand for the Company's products. The Company expects this to offset an amount similar to that of the revenue previously planned for Ukraine and Russia for 2022.

Regarding infrastructure projects (RC-Drilling/subsea mining), we anticipate a stable trend with slight growth. In this case, it is important to note that the decline in this market segment can be described as marginal.

The increased digitalisation of products, especially in the case of slurry pumps and the PBA segment, continues to offer the Company good potential to attract new orders. During the coronavirus crisis, the digitalisation modules previously implemented enabled the Company to provide remote support to customers on site, without the need to travel. Drawing on experience from the past year, the Company will continue to make targeted developments in this direction in order to reduce travel costs in the medium to long term and achieve an efficiency edge over its competitors.

Forecast of key financial indicators for corporate management

Compared to the previous year, **order intake** in the reporting period (EUR 69.2 million) was at a significantly higher level (2020: EUR 45.2 million), partly due to a major project in the slurry pump business. For financial year 2022, we expect order intake to remain stable and to improve further towards the end of the year. We have already observed an initial indication of improved order intake in the after-sales area, most notably in the final quarter of 2021.
Revenue expectations for 2022 are at a significantly higher level. We therefore expect a corresponding increase in **EBITDA**.

The focus in 2022 will largely be on resuming on-site sales activities in order to both nurture existing customer relationships and promote the acquisition of new customers. Furthermore, the supplier chain, as well as the procurement situation following the coronavirus crisis, will have to be reassessed and new suppliers will have to be qualified in order to counter the coronavirus-induced price increases. Due to the increased order intake and strategic stockpiling, a moderate increase in net current operating assets (**NCOA**) is expected.

For financial year 2022, investments (**CAPEX**) are planned at a similar level in order to – among other objectives – upgrade and digitalise machine facilities. These investments are to be financed from cash flows from operating activities. For this reason, MHWirth GmbH's CAPEX is projected to be at a similar level. Group-wide investments such as the introduction of a uniform ERP system will be financed by the parent company.

We expect the situation to improve considerably in the course of 2022. Based on the orders already received and currently in production, we will see a strong increase in revenue compared to 2021. Accordingly, this will have a favourable effect on **EBITDA**, leading us to expect a return to positive territory in 2022.

Forecast of non-financial performance indicators for corporate management

The specific focus on health, safety, security and environment (HSSE) will continue to be pursued in financial year 2022. As in the prior year, the target figure for **lost time injuries** ("LTIs") was therefore fixed at "0" in conformance with the group target of "zero accidents" (2021: 1 LTI).

Our forecast is based, among other things, on predictions about future events over which we have no control. To this extent, it cannot be ruled out that the events that actually occur will deviate from our expectations with regard to future developments.

Opportunities and risks

Project-related and cross-company opportunities and risks are generally measured in accordance with the principle of commercial prudence and are factored into the Company's financial planning. There may also be further opportunities and risks which, if they materialise, could positively or negatively influence the forecast result.

Opportunities

The joint venture established by Akastor and Baker Hughes to create the new group HMH, and the processes that have been integrated as a result, will improve competitiveness in the Major Projects market segment. While, in the past, MHWirth only offered top-side equipment (above the water surface) and Baker Hughes' SDS division only offered subsea equipment (below the water surface), it will now be possible to establish a position on the market as a supplier of complete rigs. Among other things, this advantage will minimise future risks in terms of top-side vs. subsea coordination and will reduce the economic risk for both originally autonomous companies.

For MHWirth GmbH in Erkelenz, this means that there is an increasing opportunity to supply single pieces of equipment (mud pumps, draw works, rotary tables) in these rig packages. The continuously rising oil price represents another opportunity, as it will lead to increased investment propensity on the market.

In our "DLS" business (Drilling Lifecycle Services, i.e. spare parts and service business), we are benefiting from the increasing degree of digitalisation. For instance, in the case of software, it is possible to carry out commissioning remotely. This will continue to be an integral part of our services and will undergo continuous improvement, setting us apart from our competitors and creating potential for further growth.

Thanks to the Company's strong focus on cost-cutting measures in recent years, it is now in the position to respond flexibly to fluctuations in sales without incurring significant expenses or implementing restructuring measures.

Risk report

Below, the risks to which the Company is exposed are presented in descending order of significance:

Inventory risks (performance risk)

The Company is faced with the risk of losing orders if it is unable to produce and deliver the products within the period expected by the customer or if penalties have to be paid due to missed deadlines. To secure the availability of purchased parts with long delivery times (> 6 months) and to ensure the ability to deliver spare and wear parts for popular products at short notice, there are stocks of non-order-related finished goods that amounted to EUR 23.3 million as at 31 December 2021 (PY: EUR 21.9 million). They largely comprise standardised parts that are required in large quantities for mud pumps, draw works, top drives, rotary tables and pile top drill rigs, etc. Thanks to the continuous qualification of new suppliers, framework agreements with suppliers as well as early procurement of selected components, delivery times and prices are optimised on an ongoing basis. This has been a major challenge, especially since the coronavirus crisis, as both the procurement situation and the logistical conditions have placed demands on the Company.

Procurement risks (environmental risk)

The Company is exposed to availability and price risks as part of the procurement process. This risk has been further exacerbated worldwide by the COVID-19 crisis, as there were some significant price increases for materials in the past financial year.

Close and longstanding business relationships with numerous existing suppliers are the basis for our cooperation in procurement. Potential procurement risks, such as threats to security of supply, are countered through long-term supply contracts and targeted development of alternative suppliers in the effort to reduce the risk of dependency. Warranty claims in cases of faulty products or product liability claims are ensured contractually and by right of recourse vis-à-vis suppliers. A major focus lies on optimising the supplier portfolio in order to improve the competitive position.

Personnel risks

The main personnel-related risks include the fluctuation risk, i.e. the risk of losing essential specialist staff, the general shortage of skilled workers, the health of our employees and work overload. A large number of measures were introduced to continuously minimise these risks, for example measures to attract and retain employees, measures to create a positive working environment and ongoing measures to optimise occupational safety.

Warranty risks (performance risk)

Warranty risks can result particularly in the case of custom products and machines which are subject to high levels of stress when in use by the purchaser. We counter these risks by carefully determining and contractually specifying the operating conditions and guaranteed qualities of our products as well as through comprehensive quality assurance measures in procurement and production. Sufficient provisions are determined for unavoidable warranty claims that generally arise as well as individual circumstances that come to our attention.

Risks associated with financial instruments

Liquidity/financing: The Company's long-term financing is secured through its affiliation with the HMH Group. The Company has the possibility to take out short-term intercompany loans, for example to pre-finance larger projects. Currently, a group loan of EUR 10.0 million is available to the Company.

Currencies: Due to the Company's high export ratio, currencies are a constant risk. To minimise this risk, procurement and sales transactions denominated in foreign currencies are rigorously secured as micro hedges through derivative financial instruments (forward exchange contracts).

Default risk: Permanent monitoring and assessment of receivables through active receivables management have reduced the risk to a minimum. A permanent, partially automated debtor monitoring system reports deteriorations in credit worthiness, payment behaviour or rating at an early stage. The political and economic risks of import and export transactions are secured where possible through Hermes cover.

Overall assessment of the risk position by Company management

Overall, there are no current going concern risks for MHWirth GmbH, nor are any such risks discernible.

With utmost respect and appreciation, we thank all our Company's employees for their commitment in 2021 and for their trust in management. We also thank our business partners who have contributed significantly to our success with their trust and cooperation.

Erkelenz, 14 April 2022

MHWirth GmbH

Joachim Schlebusch
Managing Director

Independent Auditor's Report

To MHWirth GmbH, Erkelenz

Opinions

We have audited the annual financial statements of MHWirth GmbH, Erkelenz, which comprise the balance sheet as at 31 December 2021, and the income statement for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of MHWirth GmbH for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 14 April 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Buchwald Wirtschaftsprüfer [German Public Auditor]	Berns Wirtschaftsprüfer [German Public Auditor]

Annual Financial Statements as at 31 December 2020 and Management Report

TRANSLATION – AUDITOR'S REPORT

MHWirth GmbH
Erkelenz

KPMG AG Wirtschaftsprüfungsgesellschaft

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

MHWirth GmbH

Balance sheet as of December 31, 2020

Assets

		31.12.2020	31.12.2019
		Euro	Euro
A.	**Fixed Assets**		
I.	**Intangible assets**		
	1. Internally generated rigths and values		
	a) Own developments	1,264,589.54	1,284,469.24
	b) Own developments under construction	200,737.25	86,940.00
		1,465,326.79	1,371,409.24
	2. IT-Software, Licences	256,152.00	138,348.00
		1,721,478.79	**1,509,757.24**
II.	**Tangible assets**		
	1. Fixtures in leased buildings	10,139,827.00	10,538,103.00
	2. Technical equipment and machines	5,063,465.00	5,882,401.00
	3. Other equipment, fixtures and fittings	374,853.00	537,782.00
	4. Payments on account and assets under construction	50,978.28	253,071.06
		15,629,123.28	**17,211,357.06**
III.	**Financial assets**		
	Investments	1.00	1.00
		1.00	**1.00**
		17,350,603.07	**18,721,115.30**
B.	**Current assets**		
I.	**Inventories**		
	1. Raw Materials, supplies and consumables	1,649,192.79	1,707,149.73
	2. Work-in-process	10,299,513.47	24,885,945.39
	3. Finished goods	16,883,520.16	17,655,223.79
	4. Paymentsmade on account	1,283,708.94	1,481,559.77
	5. Payments received on account of orders	-477,658.11	-9,456,644.59
		29,638,277.25	**36,273,234.09**
II.	**Accounts receivable and other assets**		
	1. Trade accounts receivable	16,033,644.14	7,989,972.97
	2. Accounts due from affiliates	3,505,719.81	7,371,884.53
	3. Other assets	1,693,551.39	3,201,941.50
		21,232,915.34	**18,563,799.00**
III.	**Cash and bank accounts**	**1,427,055.58**	**2,861,532.37**
		52,298,248.17	**57,698,565.46**
C.	**Prepaid expenses**	**14,601.56**	**23,394.23**
		69,663,452.80	**76,443,074.99**

shareholders' equity and liabilities

		31.12.2020	31.12.2019
		Euro	Euro
A.	**Equity**		
I.	**Subscribed capital**	9,328,700.00	9,328,700.00
II.	**Capital reserve**	2,666,256.28	2,666,256.28
III.	**Other revenue reserves**	914,378.00	914,378.00
IV.	**Loss carried forward**	-1,936,152.13	-1,834,799.50
V.	**Net profit/loss for the year**	7,628,152.70	-101,352.63
		18,601,334.85	**10,973,182.15**
B.	**Accruals and provisions**		
	1. Pension provision	9,055,500.00	8,295,000.00
	2. Accrued tax liabilities	5,700.00	16,223.00
	3. Other accuals and provisions	14,778,830.00	9,946,740.00
		23,840,030.00	**18,257,963.00**
C.	**Liabilities**		
	1. Amounts owed to credit institutions	0.00	171.65
	2. Payments received on account of orders	610,463.81	2,231,421.91
	3. Trades accounts payable	3,850,951.56	7,162,912.87
	4. Accounts payable to affiliated companies	19,975,090.75	34,241,158.56
	5. Other liabilities	2,785,581.83	3,569,046.85
	- of which taxes EUR 505 625,43		
	(prior year EUR 1.243.865,73)		
	- of which social securitiy EUR 2 200 304,62		
	(prior year EUR 2 480 553,52)		
		27,222,087.95	**47,204,711.84**
D.	**Deferred income**	**0.00**	**7,218.00**
		69,663,452.80	**76,443,074.99**

MHWirth GmbH

Statement of Income for the period from 01. January 2020 to 31. December 2020

No.		01.01.2020 to 31.12.2020 Euro	Euro	01.01.2019 to 31.12.2019 Euro	Euro
1.	Sales		99,981,975.95		95,371,496.00
2.	Change in finished products and work-in-process		-15,358,135.55		-2,234,561.39
3.	Other internal costs capitalised		93,888.00		97,818.00
4.	Other operating income		3,170,867.72		1,960,171.42
5.	Material expenses				
	a) Raw materials, supplies and consumables	32,591,583.05		39,181,464.26	
	b) Cost of purchased services	4,478,804.84	37,070,387.89	5,569,281.09	44,750,745.35
6.	Personnel expenses				
	a) Wages and salaries	19,413,681.60		21,564,221.78	
	b) Social insurance and pension obligations - of which for pension costs Euro 27.497,88 (prior year Euro 19.973,16)	4,293,617.63	23,707,299.23	4,459,809.62	26,024,031.40
7.	Amortization of intangible assets and depreciation of tangible assets				
	a) Amortization of intangible assets and depreciation of tangible assets	1,985,406.76		3,444,449.49	
	b) Depreciation on current assets, insofar as this exceeds the depreciation customary in the corporation	0.00	1,985,406.76	3,282,900.00	6,727,349.49
8.	Other operating expenses		15,195,181.76		15,627,415.04
9.	Other interest and similar income		73,835.41		20,833.73
10.	Interest and similar expenses		1,820,131.19		1,925,967.36
11.	Taxes on income		555,957.00		254,077.75
12.	**Result after tax**		7,628,067.70		-93,828.63
13.	Other taxes		-85.00		7,524.00
14.	**Net income/loss**		**7,628,152.70**		**-101,352.63**

MHWirth GmbH, Erkelenz

Notes to the financial statements
for financial year 2020

Accounting policies

MHWirth GmbH (registered office at Erkelenz, registered in the Commercial Register of the District Court of Mönchengladbach, Commercial Register entry number HRB 8471) is a large corporation as defined in Section 267 (3) of the German Commercial Code [HGB]. The annual financial statements for the year ended 31 December 2020 were prepared in accordance with the provisions on accounting set out in the German Commercial Code and in the German Limited Liability Companies Act [GmbHG].

Intangible assets and property, plant and equipment are valued at cost less amortisation, depreciation and impairment. The option under Section 248 (2) HGB to capitalise internally created intangible assets has been exercised. These assets are amortised over their typical useful lives. Property, plant and equipment is depreciated on a straight-line basis. Up until 2017, low-value assets were aggregated in a collective item that continues to be depreciated on a straight-line basis over a useful life of five years. Since 2018, the compound item of low-value assets valued at up to EUR 800 is directly written down at year-end. Financial assets are measured at cost less impairment in accordance with Section 253 (3) sentence 4 HGB.

Inventories are stated at the lower of cost or market value. Alongside direct costs, production costs also include appropriate portions of overheads. Inventory risks are accounted for through sufficient write-downs. Write-downs are made to fair value pursuant to Section 253 (4) sentence 2 HGB. Regarding impairment of slow-moving inventories of finished products, write-downs at specific rates were established depending on the most recent addition and consumption, as well as on the predicted inventory turnover, unless higher write-downs are warranted due to specific circumstances.

Interest on borrowed capital is not taken into account in the measurement of either fixed or current assets.

Payments received from customers are deducted from inventories up to the amount of related work in progress. Advance payments received exceeding work in progress are recognised as liabilities.

Receivables and other assets are generally recognised at nominal value. Appropriate allowances are recognised for default risks and general credit risks.

Unchanged as compared to the prior year, during the financial year under review, the general allowance on trade receivables was recognised at 1.0% of those receivables for which no specific allowances were recorded. Specific allowances are recognised on individual doubtful receivables, based on the expected receipt of payment thereof.

Cash and cash equivalents and bank balances are recognised at their nominal amounts. Amounts denominated in foreign currency are translated to euro at the average spot exchange rate as at the balance sheet date.

Prepaid expenses concern expenditures during the reporting year that represent expenses for a specific period of time after the balance sheet date.

Net deferred tax liabilities resulting from valuation differences between the commercial and tax balance sheets, measured at the individual tax rate of the company in question, are recognised as deferred tax liabilities pursuant to Section 274 HGB. If this results in a net deferred tax asset, the option of recognising deferred tax assets under Section 274 (1) sentence 2 HGB is not exercised. No deferred tax assets were recognized on tax loss carryforwards.

Provisions for pensions were valued using the projected unit credit method. The Company has exercised the option under Section 253 (2) HGB to discount the provisions using the average interest rate published by the German Central Bank [Deutsche Bundesbank] for a remaining maturity of 15 years.

Discounting is based on an average interest rate for the last ten years as published by the Deutsche Bundesbank. The calculation is based on actuarial mortality tables and expected future wage, salary and pension increases as well as employee turnover probabilities.

As in prior years, pension provisions were recognised at 1/15, in application of the provision of Article 67 (1 and 3) of the Introductory Act to the German Commercial Code [EGHGB].

Other provisions take into account all discernible risks and contingent liabilities in the settlement amount required based on prudent commercial judgement. Provisions with a remaining term of more than one year are recognised with their expected settlement amount and discounted at an interest rate corresponding to the respective term.

Liabilities are stated at their settlement amounts pursuant to Section 253 (1) HGB.

Current receivables and liabilities denominated in foreign currencies are translated at the average spot exchange rate as at the balance sheet date (Section 256a HGB), or at the hedging rate.

Deferred income concerns income during the reporting year that represents income for a specific period of time after the balance sheet date.

The regulations for the formation of a valuation unit for compensatory valuation of hedges for pending and recognised transactions denominated in foreign currency and forward exchange contracts have been applied. Due to matching amounts and maturities, currencies and terms, opposing changes in value and cash flows balance out during the term of the hedged item and hedging instrument.

Under the net hedge presentation method, the offsetting changes in value of the effective portion are not recognised in the balance sheet. Sections 249 (1) and 252 (1) no. 3 and 4 as well as Section 256a HGB are not applied.

MHWirth GmbH, Erkelenz
Movements in fixed assets

Statement of movements in fixed assets

	Cost 1 Jan. 2020 Euro	Additions Euro	Disposals Euro	Reclassifications Euro	Cost 31 Dec 2020 Euro	Accumulated amortisation, depreciation and write-downs Euro	Book value 31 Dec 2020 Euro	Book value 31 Dec. 2019 Euro
I. Intangible assets								
1. Internally generated rights and assets								
a. Own developments	9,727,422.63	286,550.50	0.00	0.00	10,013,973.13	8,749,383.59	1,264,589.54	1,284,469.24
b. Own developments in progress	86,940.00	113,797.25	0.00	0.00	200,737.25	0.00	200,737.25	86,940.00
	9,814,362.63	400,347.75	0.00	0.00	10,214,710.38	8,749,383.59	1,465,326.79	1,371,409.24
2. Purchased IT software, industrial property rights	3,669,716.06	151,612.17	0.00	45,641.36	3,866,969.59	3,610,817.59	256,152.00	138,348.00
	13,484,078.69	551,959.92	0.00	45,641.36	14,081,679.97	12,360,201.18	1,721,478.79	1,509,757.24
II. Property, plant and equipment								
1. Buildings on third-party land	13,881,538.76	0.00	0.00	0.00	13,881,538.76	3,741,711.76	10,139,827.00	10,538,103.00
2. Technical equipment and machinery	27,581,246.06	36,925.24	3,800.00	129,499.92	27,743,871.22	22,680,406.22	5,063,465.00	5,882,401.00
3. Other equipment, operating and office equipment	5,135,990.32	55,395.78	23,252.95	0.00	5,168,133.15	4,793,280.15	374,853.00	537,782.00
4. Advance payments and construction in progress	253,071.06	-26,951.50	0.00	-175,141.28	50,978.28	0.00	50,978.28	253,071.06
	46,851,846.20	65,369.52	27,052.95	-45,641.36	46,844,521.41	31,215,398.13	15,629,123.28	17,211,357.06
III. Financial assets								
Investments	137,844.44	0.00	0.00	0.00	137,844.44	137,843.44	1.00	1.00
	137,844.44	0.00	0.00	0.00	137,844.44	137,843.44	1.00	1.00
IV. Total fixed assets	**60,473,769.33**	**617,329.44**	**27,052.95**	**0.00**	**61,064,045.82**	**43,713,442.75**	**17,350,603.07**	**18,721,115.30**

Statement of changes in amortisation, depreciation and write-downs

	Amortisation, depreciation and write-downs 1 Jan. 2020 Euro	Amortisation, depreciation and write-downs during the financial year Euro	Disposals Euro	Amortisation, depreciation and write-downs 31 Dec. 2020 Euro
I. Intangible assets				
1. Internally generated rights and assets				
a. Own developments	8,442,953.39	306,430.20	0.00	8,749,383.59
b. Own developments in progress	0.00	0.00	0.00	0.00
	8,442,953.39	306,430.20	0.00	8,749,383.59
2. Purchased IT software, industrial property rights	3,531,368.06	79,449.53	0.00	3,610,817.59
	11,974,321.45	385,879.73	0.00	12,360,201.18
II. Property, plant and equipment				
1. Buildings on third-party land	3,343,435.76	398,276.00	0.00	3,741,711.76
2. Technical equipment and machinery	21,698,845.06	982,926.25	1,365.09	22,680,406.22
3. Other equipment, operating and office equipment	4,598,208.32	218,324.78	23,252.95	4,793,280.15
4. Construction in progress, advance payments	0.00	0.00	0.00	0.00
	29,640,489.14	1,599,527.03	24,618.04	31,215,398.13
III. Financial assets				
Investments	137,843.44	0.00	0.00	137,843.44
	137,843.44	0.00	0.00	137,843.44
IV. Total amortisation, depreciation and write-downs	**41,752,654.03**	**1,985,406.76**	**24,618.04**	**43,713,442.75**

Explanatory notes on the balance sheet

Fixed assets

Movements in individual items of fixed assets are presented in the statement of movements in fixed assets. The development costs capitalised in 2020 in accordance with Section 248 (2) HGB in the amount of KEUR 400 concern product standardisation and optimisation and are presented in the statement of movements in fixed assets.

Total research and development costs during the financial year under report stood at KEUR 890 (PY: KEUR 821).

Current assets

Of total trade receivables, KEUR 0 (PY: KEUR 1,298) have a remaining term of more than one year.

Receivables from affiliated companies mainly concern receivables from MHWirth AS, Kristiansand, Norway (shareholder), totalling KEUR 2,001 (PY: KEUR 3,259). As in the previous year, these amounts consist entirely of trade receivables and have a remaining term of less than one year.

Deferred tax assets

Deferred taxes consist entirely of differences between amounts shown in the commercial and tax balance sheets. Deferred tax assets arise from property, plant and equipment, pension provisions, other provisions and liabilities; deferred tax liabilities relate to internally generated intangible assets and receivables. After applying the company-specific tax rate of 30.525%, the resulting net deferred tax asset amounts to KEUR 3,452.

	2020	2019
Differences in internally generated intangible assets	-1,465	-1,371
Differences in property, plant and equipment	+3,899	+4,516
Differences in inventories	0	+3,859
Differences in receivables	-21	+62
Differences in other provisions	+2,979	+1,785
Differences in pension provisions	+5,867	+5,353
Difference in liabilities	+51	0
Total	**11,310**	**14,204**

In addition, there are tax loss carryforwards from trade tax amounting to KEUR 5,282 (PY: KEUR 9,539) as well as from corporate income tax in the amount of KEUR 6,598 (PY: KEUR 10,555) which would, at a trade tax rate of 14.7% and a corporate income tax rate, including solidarity surcharge, of 15.825%, lead to deferred tax assets of KEUR 1,821 (PY: KEUR 3,073).

The Company does not exercise the option under Section 274 (1) sentence 2 HGB to recognise deferred tax assets in the balance sheet.

Equity

The Company's subscribed capital remains unchanged at KEUR 9,329. Together with the net income for 2020 of KEUR 7,628, the capital reserve of KEUR 2,666, revenue reserves of KEUR 914 and an accumulated deficit brought forward of KEUR -1,936, this results in equity of KEUR 18,601.

As in the prior year, no dividends were distributed during the financial year under review.

Provisions for pensions

As at 31 December 2020, an average interest rate of the last ten years as published by the Deutsche Bundesbank was used for discounting. As at 31 December 2020, a forecast interest rate of 2.30% (PY: 2.71%) was used. The mortality and disability rates for the valuation of obligations were based on the 2018 G mortality tables of Prof. Klaus Heubeck. In addition and unchanged from the prior year, a wage and salary growth rate of 0.00%, a fixed commitment and pension growth rate of 1.60% as well as industry-specific turnover rates were taken into account in the valuation of provisions.

The difference according to Section 253 (6) sentence 1 HGB equalled KEUR 1,032 as at 31 December 2019 (PY: KEUR 929).

In compliance with Article 67 (1 and 3) EGHGB, during the financial year completed, pension provisions were increased by 1/15 of the deficit as per Article 67 (1) EGHGB and recognised at a discount rate of 2.30%. The deficit not recognised as a liability of 4/15 stands at KEUR 609 (PY: KEUR 762).

Provisions

Other provisions of KEUR 14,779 mainly comprise outstanding invoices for inventories in process (KEUR 6,061), personnel costs (KEUR 5,714), warranties (KEUR 1,612), and other contingent liabilities (KEUR 1,392). These were measured according to prudent commercial judgement.

In calculating the general warranty provisions, revenue for which specific warranty provisions have already been recognised is not included. Provisions for anniversary payments were measured in compliance with the discounted value method using a discount rate of 1.60% (remaining term pursuant to Section 253 (2) sentence 2 HGB: 15 years). Provisions for partial retirement benefits for 47 employees were measured on the basis of a discount rate of 1.60% (remaining term pursuant to Section 253 (2) sentence 2 HGB: 15 years), a salary and pension progression ceiling rate of 2.40%, an employee turnover rate of 0%, and the 2018 G mortality tables by Prof. Klaus Heubeck, in application of Circular HFA 3 of the Institute of Public Auditors in Germany [IDW]. Other provisions with a remaining term of more than 12 months were recognised at discount rates with matching maturities to the term of the obligations pursuant to Section 253 (2) HGB and an assumed inflation rate of 2.0%.

Liabilities

		Thereof amounts with remaining terms		
Balance sheet item	**Total amount** EUR	of up to one year EUR	from one to five years EUR	of more than five years EUR
1. Liabilities to banks	**0.00**	**0.00**	**0.00**	**0.00**
Prior year	171.65	171.65	0.00	0.00
2. Advance payments received on account of orders	**610,463.81**	**610,463.81**	**0.00**	**0.00**
Prior year	*2,231,421.91*	*2,231,421.91*	*0.00*	*0.00*
3. Trade payables	**3,850,951.56**	**3,850,951.56**	**0.00**	**0.00**
Prior year	*7,162,912.87*	*7,162,912.87*	*0.00*	*0.00*
4. Liabilities to affiliated companies	**19,975,090.75**	**975,090.75**	**19,000,000.00**	**0.00**
Prior year	*34,241,158.56*	*3,241,158.56*	*31,000,000.00*	*0.00*
5. Other liabilities	**2,785,581.83**	**1,005,823.56**	**1,423,017.06**	**356,741.21**
Prior year	*3,569,046.85*	*1,501,748.69*	*1,390,088.20*	*677,209.96*
Total	**27,222,087.95**	**6,442,329.68**	**20,423,017.06**	**356,741.21**
Prior year	*47,204,711.84*	*14,137,413.68*	*32,390,088.20*	*677,209.96*

No liabilities are separately collateralised.

Of the liabilities to affiliated companies, KEUR 19,042 (PY: KEUR 31,256) relate to the shareholder's intra-group financing. Furthermore, there are KEUR 570 (PY: KEUR 871) in trade liabilities, of which KEUR 430 (PY: KEUR 404) are payable to the shareholder.

Payments received on account of orders

Liabilities to affiliated companies include KEUR 363 (PY: KEUR 2,114) in payments received on account of orders. Work in progress has already been created for payments received of KEUR 47 (PY: KEUR 3,348), which is why these are deducted from inventories and liabilities. They also contain prepayments by shareholders totalling KEUR 45 (PY: KEUR 3,348).

Other liabilities

Other liabilities concern the welfare and provident fund of MHWirth GmbH in the amount of KEUR 2,200 (PY: KEUR 2,481).

Contingent liabilities and other financial obligations

As at 31 December 2020, other financial obligations were as follows:

- Purchase commitments	KEUR	4,459
- Leases	KEUR	756
thereof in 2021	KEUR	557
- Annual rent incl. incidental costs for land and buildings (term through 31 December 2028)	KEUR	1,049
- Repurchase obligations for machinery	KEUR	763
thereof in 2021	KEUR	763

The Company also has joint liability for all liabilities arising under the 'Multi-Currency and Group Account System Agreement' between Akastor ASA (formerly Aker Solutions ASA) and DnB NOR Bank ASA, Oslo, Norway (all of these to affiliated and associated companies) incurred from the date of the Company's accession to the agreement (1 June 2009).

The credit line of the cash pool, for which joint liability exists, amounts to a maximum of NOK 300 million (thereof hedged: NOK 0). According to information provided by the Group, no use of this credit line is expected.

There are off-balance-sheet transactions with effects on the financial position within the framework of repurchase agreements. These involve the repurchase of two roadheaders upon completion of use by a customer. This is a conventionally structured agreement designed to make the repurchased machine available for use in future projects. The Company's financial position is expected to be negatively affected in the amount of KEUR 763 as at the date of the machines' return. A provision in the amount of KEUR 187 was recognised for the resale risk.

Explanatory notes on the income statement

Revenue

Revenue, broken down by region and product group, is as follows:

	2020 EUR million	2019 EUR million
Regions:		
Federal Republic of Germany	3.0	3.6
Rest of Europe	26.5	22.5
Other countries	70.5	69.3
	100.0	95.4
By product group:		
Oilfield Equipment & Systems	45.2	36.8
Slurry & RC-Drilling	53.1	56.2
Other	1.7	2.4
	100.0	95.4

Other operating income

Among other amounts, this item includes income relating to other periods from reversing provisions (KEUR 613; PY: KEUR 1,159), income from revering impairment losses (KEUR 40, PY: KEUR 0) and from the disposal of fixed assets (KEUR 1, PY: KEUR 0,) as well as income from foreign currency translation (KEUR 342; PY: KEUR 560).

Write-downs of current assets exceeding regular write-downs within the Company

No special write-downs were recognised on account of obsolesce in the reporting year (expense of exceptional size).

Other operating expenses

Other operating expenses include expenses from foreign currency translation (KEUR 488; PY: KEUR 763), losses on the disposal of fixed assets (KEUR 0; PY: KEUR 5) and other general administrative and distribution costs.

In addition, pursuant to the German Accounting Directive Implementation Act [BilRUG] this item also includes KEUR 153 (PY: KEUR 152) in adjustments under commercial law of pension liabilities in the course of the implementation of the German Accounting Law Modernisation Act [BilMoG].

Other interest and similar income

This item includes KEUR 2 (PY: KEUR 2) in interest income from changes in warranty provisions as well as other interest income.

Interest and similar expenses

This item includes KEUR 309 in expenses from unwinding the discount on long-term provisions (PY: KEUR 353) and KEUR 1,287 in interest expenses (PY: KEUR 1,372) vis-à-vis Akastor ASA (affiliated company) for a loan granted within the framework of Akastor ASA Corporate Treasury.

Other

Due to not working at full capacity on account of the Covid-19 crisis, short-time working[1] was requested by MHWirth GmbH and has been implemented in individual business segments since mid-2020. Compensation for reduced hours (on account of short-time working) is a transitory item so that the income statement shows neither a

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[1] Translator's note: "Short-time working or short time (in German: Kurzarbeit) is a governmental unemployment insurance system in which private sector employees agree to or are forced to accept a reduction in working time and pay, with the state making up for all or part of the lost wages."
Source: https://en.wikipedia.org/wiki/Short-time_working

corresponding expense nor income. By contrast, the reimbursement of social security contributions was recognised in profit and loss.

Other disclosures

Derivatives

During the financial year, derivative financial instruments (forward foreign exchange contracts) were used to hedge future cash flows from receivables and liabilities and firm contractual commitments denominated in foreign currencies (US and Australian dollar). Each forward foreign exchange contract is based on an underlying transaction with comparable risk in the opposite direction (micro hedge). The valuation units set up from the hedged items and hedging instruments, receivables denominated in foreign currency and hedged under Section 254 HGB total KEUR 818 as at the balance sheet date; KEUR 782 of this amount relates to trade receivables and KEUR 35 to pending sales transactions. Secured liabilities denominated in foreign currency total KEUR 489 as at the balance sheet date; KEUR 0 of this amount relates to trade payables and KEUR 489 to pending purchase transactions.

The risks covered by these hedges total KEUR 45. The market value of the derivatives in AUD amounts to KEUR 16; in USD, the market value of the derivatives is KEUR 37 as at the balance sheet date.

Forward exchange contracts are stated at their intrinsic value using the net hedge presentation method.

Number of employees

The average number of employees (excluding trainees) during the reporting period was:

	2020 Number	2019 Number
Wage earners	92	95
Salaried employees	203	203
	295	298

Management

In the year under review, the chief executive officer was:

Mr Einar Brønlund, Meerbusch, CEO

Supervisory Board

Members of the Company's Supervisory Board were:

Mr Eirik Bergsvik, Kristiansand, Norway, Chairperson
- Chief Executive Officer, MHWirth AS

Mr Ralf Küster, Hückelhoven, Vice-Chairperson
Employee representative, MHWirth GmbH
- Works Council Chairperson, industrial mechanic

Ms Ellen Jacobs, Erkelenz
Employee representative, MHWirth GmbH
- Works Council Vice-Chairperson, Project Operator

Mr Jan Erik Pedersen, Kristiansand, Norway
- Chief Operation Officer, MHWirth AS

Mr Dag Stenevik, Kristiansand, Norway
- Chief Financial Officer, MHWirth AS

Mr Joachim Schlebusch, Heinsberg
- Senior Manager, MHWirth GmbH

Remuneration

Payments to active members of the Supervisory Board totalled KEUR 9 during the financial year under review. Post-employment benefits for former members of management amounted to KEUR 129 and those for former members of the Supervisory Board to KEUR 21. Pension provisions for former members of management total KEUR 1,012, and provisions for former members of the Supervisory Board amount to KEUR 225.

In accordance with Section 286 (4) HGB, the remuneration paid to management is not disclosed.

Auditor's fee

The auditor was paid the following remuneration:

	2020 (KEUR)	2019 (KEUR)
Audit services	86	86
Other assurance services	0	0
Tax advisory services	0	0
Other services	7	5
Total	**93**	**91**

Consolidated financial statements

The annual financial statements of the Company are included in the consolidated financial statements of Akastor ASA, Oslo, Norway (smallest and largest consolidation group), which are filed with the commercial register of Brønnøysund, Norway, under file number 986 529 551.

		Percentage share	Equity in KEUR as at 31 Dec. 2020	Earnings in KEUR as at 31 Dec. 2020
Investments:				
Shenyang WIRTH-NFM – SHMG Heavy Tunneling & Construction Machinery Co., Ltd., Shenyang, China	*) **)	24.0%	--	--

*) Not an operating entity
**) No current data available.

Appropriation of earnings and restriction on distribution

Pursuant to Section 268 (8) HGB, an amount of EUR 1,465,326.79 is subject to a restriction on distribution (internally generated rights and assets of EUR 1,465,326.79).

Under Section 253 (6) sentence 1 HGB (difference in pension provisions from the change in the interest rate from the average rate for seven years to the average rate for 10 years), an additional EUR 1,031,888.00 is subject to a restriction on distribution.

Management proposes that the net income for the year of EUR 7,628,152.70 be carried forward to the new financial year together with the accumulated deficit of EUR -1,936,152.13.

Subsequent events

No events or transactions of particular importance have occurred or become known after the balance sheet date that might have a significant effect on the Company's assets, liabilities, financial position or financial performance in the financial year under report.
It was announced on 2 March 2021 that Baker Hughes and Akastor ASA had signed an agreement to establish a joint venture, which would merge the Subsea Drilling Systems (SDS) division of Baker with the wholly owned subsidiary of Akastor, MHWirth AS. Half of this company will be held by Baker Hughes and half by Akastor. After completing the transaction, the company's business will be managed from the current headquarters in Houston, Texas, and Kristiansand, Norway.
The Company's economic position has not changed noticeably between the closing date and the time of preparation of these annual financial statements.

Erkelenz, 10 March 2021

MHWirth GmbH
Management

Einar Brønlund, CEO

Management report for 2020

of

MHWirth GmbH

Management report for 2020

1. Company profile

i. Business model

MHWirth GmbH develops, engineers, produces, markets and leases, as a subsidiary of the world-wide operating Akastor Group, different types of drilling systems, slurry and liquid pumps, draw works, rotary tables, rotary swivels and related products, including corresponding spare parts and services.

The Company is divided by function into Sales (sales and distribution), Drilling Lifecycle Services (spare parts management and service) and Operations, consisting of Engineering (design and development), Production (manufacturing), Supply Chain (purchasing and distribution logistics), Project Management (project management), Quality Assurance and HSSE (quality management and health, safety, security and environment). In addition, there are the typical administration functions under the management of the local CFO. These include Financial Accounting, Controlling, Risk Management, Tax, Human Resources IT/IS (information technology, information security) and Legal. The Company conducts its business on leased premises in Erkelenz and operates worldwide, with an export ratio of around 97%. The most important sales markets are Asia, Europe (Norway in particular), Australia and South America.

As in the previous year, Akastor group company MHWirth AS held all the shares in MHWirth GmbH as at 31 December 2020.

The Company's financial performance indicators are order intake, revenue, EBITDA (earnings before interest, tax, depreciation and amortisation), NCOA (net current operating assets as defined in IFRS group reporting) and CAPEX (capital expenditure). A non-financial performance indicator is the number of accidents leading to a subsequent loss of working hours.

ii. Research and development

Development work in 2020 was primarily focused on product standardisation and optimisation. Total research and development expenses stood at EUR 0.5 million in 2020 (PY: EUR 0.8 million).

In terms of intangible fixed assets, development expenses totalling EUR 0.4 million were capitalised during financial year 2020. These also relate to product standardisation and optimisation and are presented in the statement of movements in fixed assets. Write-downs of research and development costs totalled EUR 0.3 million (PY: EUR 0.9 million).

2. Economic report

i. General economic conditions and industry environment

Negative economic growth in Germany was calculated as equalling -5.1% in 2020. The effects of the corona pandemic led to growth sinking noticeably year on year (PY: 0.6%).
(Source: https://de.statista.com/statistik/daten/studie/74644/umfrage/prognose-zur-entwicklung-des-bip-in-deutschland/)
Economic growth of around -7.8% in 2020 was forecast for the Eurozone (PY: 1.3%). (Source: http://wko.at/statistik/eu/europa-wirtschaftswachstum.pdf).
Economic growth in the other main sales markets in 2020 was forecast as follows: Norway: -2.8%, India: -10.3%, China: -1.9%, Singapore: -6.0%, Brazil: -5.8%, Australia: -4.2%.
(Sources: https://de.statista.com/statistik/daten/studie/14549/umfrage/wachstum-des-bruttoinlandsprodukts-bip-in-norwegen/
https://de.statista.com/statistik/daten/studie/14564/umfrage/wachstum-des-bruttoinlandsprodukts-in-indien/
https://de.statista.com/statistik/daten/studie/14560/umfrage/wachstum-des-bruttoinlandsprodukts-in-china/
https://de.statista.com/statistik/daten/studie/321761/umfrage/wachstum-des-bruttoinlandsprodukts-bip-in-singapur/
https://de.statista.com/statistik/daten/studie/14559/umfrage/wachstum-des-bruttoinlandsprodukts-in-brasilien/
https://de.statista.com/statistik/daten/studie/14529/umfrage/wachstum-des-bruttoinlandsprodukts-in-australien/).

As a key factor influencing demand, the price of oil was subject to significant fluctuations in the course of financial year 2020. This cost USD 68.91 at the start of the year and USD 51.80 at year-end; the oil price recovered during the second half of the year. The crude oil price fell temporarily to under USD 30.00 at the beginning of the corona crisis and in Q2 (source: https://www.boerse-online.de/rohstoffe/oelpreis). This represents a price decrease of around 24.8%. The prices of other raw materials rose sharply in 2020, such as for aluminium (approx. 10.5%) or copper (approx. 25.7%). As commodity prices are subject to regular fluctuations, we anticipate rising demand for our products over the long term on account of these developments.

During financial year 2020, these framework conditions had no effect on the order situation, as they were overlaid by some decisive business-specific performance indicators. For example, worldwide utilisation of offshore-floater drilling facilities decreased slightly again in the second half of 2020, declining to around 70% (2019: approx. 75%, source: IHS Markit). The number of active drilling rigs with MHWirth equipment was slightly down in 2020 (2020: approx. 47 rigs, 2019: approx. 50 rigs, 2018: approx. 50 rigs, source: in-house).

ii. Business performance

Sales market

The order situation in the core product area of Oil and Gas (mainly mud pumps, draw works, rotary tables and rotary swivels) dropped considerably in 2020. In line with the highly fluctuating and, in part, sharp drop in the oil price, the willingness of our end customers to invest in new drilling rigs went down.

The order situation in the RC-Drilling product line (pile top drill rigs and subsea mining) also declined year on year.

In the slurry pumps product range, the Company benefited last year from its intensive efforts to boost its competitiveness. Despite these efforts, an increase in order intake was also not evident here in the 2020 financial year.

Procurement market

The procurement market reported slightly rising prices in 2020. Thanks to new suppliers continually obtaining relevant qualification, framework agreements with suppliers as well as early procurement of selected components, this price level is optimised on an ongoing basis.

iii. Assets, liabilities, financial position and financial performance

On the one hand, thanks to a high level of order intake from the prior year, which we worked on in the reporting year, 2020 was a favourable year. However, on the other hand, the year was adversely affected by both a tough market situation as well as a sharp drop in order intake. The capacity utilisation of our segments fluctuated considerably.

The decline in order intake was especially due to the corona crisis and the related deterioration in market conditions. Overall, order intake totalled EUR 45.2 million in 2020 (PY: EUR 123.3 million). This was EUR 48.1 million below the forecast in prior year's management report (EUR 93.3 million).

Order intake per year in EUR million

2019	123.3
2020	45.2

Revenue equalled EUR 100.0 million in 2020 and, thus, was up EUR 4.6 million over the prior year (EUR 95.4 million). Revenue had been projected at EUR 115.0 million.

Revenue in EUR million

2019	95.4
2020	100.0

EBITDA equalled EUR 11.9 million in 2020 (approx. 14.0% of total operating revenue). Prior year's EBITDA equalled EUR 8.8 million.

EBITDA in EUR million

2019	8.8
2020	11.9

Investments totalling EUR 0.4 million were made in 2020 (CAPEX, PY: EUR 0.3 million). The number of accidents entailing lost working hours equalled 0 (PY: 1).

Financial performance

Income statement	2020 EUR million	2020 %	2019 EUR million	2019 %	Change EUR million
Revenue	**100**	118.1%	**95.4**	102.4%	**4.6**
Change in inventories	**-15.4**	-18.2%	**-2.3**	-2.5%	**-13.1**
Other own work capitalised	**0.1**	0.1%	**0.1**	0.1%	**0.0**
Total operating revenue	**84.7**	100.0%	**93.2**	100.0%	**-8.5**
Other operating income	**3.2**	3.8%	**2.0**	2.1%	**1.2**
Cost of materials	**37.1**	43.8%	**44.8**	48.0%	**-7.7**
Personnel expenses	**23.7**	28.0%	**26.0**	27.9%	**-2.3**
Other operating expenses	**15.2**	18.0%	**15.6**	16.7%	**-0.4**
EBITDA	**11.9**	14.0%	**8.8**	9.5%	**3.1**
Amortisation, depreciation and write-downs	**2.0**	2.3%	**6.7**	7.2%	**-4.7**
EBIT	**9.9**	11.7%	**2.1**	2.3%	**7.8**
Other interest and similar income	**0.0**	0.0%	**0.0**	0.0%	**0.0**
Interest and similar expenses	**1.8**	2.1%	**1.9**	2.0%	**-0.1**
Earnings before taxes	**8.1**	9.6%	**0.2**	0.2%	**7.9**
Income taxes	**0.5**	0.7%	**0.3**	0.3%	**0.2**
Earnings after taxes/net loss for the year	**7.6**	8.9%	**-0.1**	-0.1%	**7.7**

Revenue increased year on year by EUR 4.6 million to EUR 100.0 million in 2020 (PY: EUR 95.4 million). The increase in revenue was especially driven by the slurry pumps segment, whereas revenue in the other segments (DLS, products for the oil and gas industry as well as the RC drilling) declined.

Total operating revenue decreased by EUR 8.5 million (9.0%) and stood at EUR 84.7 million (PY: EUR 93.2 million).

The cost of materials (EUR 37.1 million) declined by EUR 7.7 million (17.2%) compared to the prior year (EUR 44.8 million) on account of the decrease in business volume. The cost of materials ratio (cost of materials/total operating revenue) totalled 43.8% (PY: 48.0%). The decrease in the cost of materials ratio was mainly due to a change in the composition of total operating revenue, which included the less material-intensive DLS business segment assuming a relatively stronger role.

Personnel expenses dropped year on year by EUR 2.3 million from EUR 26.0 million to EUR 23.7 million. Headcount equalled a total of 323 as at 31 December 2020 (31 December 2019: 332).

EBIT increased by EUR 7.8 million from EUR 2.1 million in the previous year to EUR 9.9 million in the year under review.

The net loss/income for the year after taxes rose by EUR 7.7 million from EUR -0.1 million in the prior year to EUR 7.6 in the year under review, which was largely due to wrapping up three major projects in Q4 2020.

Financial position

Financing as at the balance sheet date breaks down as follows:

Equity (EUR 18.6 million, PY: EUR 11.0 million); the increase is largely due to the net income for 2020 (EUR 7.6 million), liability to Akastor Corporate Treasury (EUR 19.0 million, PY: EUR 31.2 million), advance payments from customers (EUR 0.6 million, PY: EUR 2.2 million) as well as other liabilities (EUR 2.8 million, PY: EUR 3.6 million) and provisions (EUR 23.8 million, PY: EUR 18.2 million). In addition, the Company has access to an external credit facility of EUR 15.5 million (thereof utilised: EUR 0.0 million).

Cash and cash equivalents amounted to EUR 1.4 million as at 31 December 2020 (PY: EUR 2.9 million). In 2020, the overall cash flow generated from operating activities amounted to EUR 13.8 million (PY: EUR 2.6 million), cash flows from investing activities totalled EUR 0.3 million (PY: EUR 0.2 million) and cash flows from financing activities equalled EUR -14.9 million (PY: EUR -3.0 million). The Company was able to fulfil its financial obligations at all times throughout the year under review.

Assets and liabilities

Total assets decreased by EUR 6.7 million from EUR 76.4 million to EUR 6.7 million as at the balance sheet date. Fixed assets were EUR 1.3 million lower; cash and cash equivalents fell by EUR 1.5 million. Inventories and receivables decreased by EUR 4.0 million. Current net working capital (NCOA) declined by EUR 1.0 million from EUR 28.9 million to EUR 27.9 million; the budget projected a slight increase.

Balance sheet structure for 2019 to 2020 in EUR million:

Assets	31 Dec. 2020 EUR million	31 Dec. 2020 %	31 Dec. 2019 EUR million	31 Dec. 2019 %	Change EUR million
Fixed assets	**17.4**	24.9%	**18.7**	24.5%	**-1.3**
Inventories	**29.6**	42.5%	**36.3**	47.5%	**-6.7**
Receivables and other assets	**21.2**	30.5%	**18.5**	24.2%	**2.7**
Cash and cash equivalents	**1.4**	2.0%	**2.9**	3.8%	**-1.5**
Prepaid expenses	**0.0**	0.0%	**0.0**	0.0%	**0.0**
Deferred tax assets	**0.0**	0.0%	**0.0**	0.0%	**0.0**
Total assets	**69.7**	100.0%	**76.4**	100.0%	**-6.7**
Equity and liabilities					
Equity	**18.6**	26.7%	**11.0**	14.4%	**7.6**
Provisions	**23.8**	34.2%	**18.2**	23.8%	**5.6**
Liabilities to banks	**0.0**	0.0%	**0.0**	0.0%	**0.0**
Other liabilities	**27.2**	39.1%	**47.2**	61.8%	**-20.0**
Total equity and liabilities	**69.7**	100.0%	**76.4**	100.0%	**-6.7**

Investments in property, plant and equipment were made in the amount of EUR 0.2 million during the period under review (PY: EUR 0.2 million). Investment activities largely concerned measures in operations as well as measures to modernise and improve the IT infrastructure.

Inventories equalled EUR 29.6 million as at the balance sheet date of 31 December 2020 (PY: EUR 36.3 million). Non-order-related inventories fell by EUR 3.2 million from EUR 25.1 million to EUR 21.9 million. Inventories were reduced by obsolescence-related write-downs (EUR 0.1 million) in the reporting year. Order-related inventories decreased by EUR 5.7 million from EUR 12.7 million to EUR 7.0 million. Advance payments made declined by EUR 0.2 million from EUR 1.5 million to EUR 1.3 million. Advance payments received attributable to work in progress decreased by EUR 9.0 million from EUR 9.5 million to EUR 0.5 million.

Please refer to the comments on the Company's financial position for information on cash and cash equivalents.

There were no dividend payments made during the financial year under report (PY: EUR 0.0 million). The equity capital ratio increased from 14.4% to 26.7%.

Provisions increased overall by EUR 5.6 million from EUR 18.2 million to EUR 23.8 million. Other liabilities decreased by EUR 20.0 million from EUR 47.2 million to EUR 27.2 million.

Despite declining order intake in the "Products" segment, the 2020 financial year is considered to have been a successful year overall; continued stable DLS business is expected also in 2021. As at the date the management report was prepared, we consider the Company's economic situation to be stable.

3. Forecast, opportunities and risks

Forecast

General framework conditions and business expectations

The oil price as well as the development of raw materials are considered to be the main indicators for the Company under normal market conditions. However, the protracted Covid-19 crises means that these indicators were not subject to normal fluctuations in 2020; rather, these dropped considerably at times. Especially the plummeting consumption of oil reduced the demand for new equipment in this segment temporarily. The oil price recovered slightly in Q4, which led to the parent company being selected for a major project, so that our Company will also benefit from this in the coming financial year. We expect this segment to recover slightly next year. However, it can be assumed that demand in the oil market segment will continue to focus on services and spare parts for the time being. This is especially due to the fact that production capacities and active rigs decreased in the year under review on account of declining demand.

While oil prices and demand sank in this segment, the Company focused in particular on further developing slurry pumps. After wrapping up current major projects, the objective in this segment is to push internal development measures in order to expand the product portfolio here. The Company is currently focusing particularly on the South American, Indian and Australasian regions, where there is a keen interest in inviting tenders for such projects, but which – due to the current Covid-19 situation – currently tend to be put off.

The resulting restraint in willingness to invest in infrastructure projects is reflected by a much lower order intake.

The increased digitalisation of products, especially in the case of slurry pumps and the PBA segment, continues to offer the Company attractive potential to win new projects as soon as recovery starts.

Due to the aforementioned market conditions and current demand, we expect the situation for slurry pumps and PBAs to normalise in 2021 only in the second half of the year.

Forecast of key financial indicators for corporate management

Order intake in the reporting year (EUR 45.2 million) was down significantly year on year (2019: EUR 123.3 million), which was especially due to winning a one-off major project in the prior year. We expect incoming orders to increase in 2021. A sharp rise in order intake is anticipated especially in the second half of the year.

Revenue expectations for 2021 are at a significantly lower level. We therefore expect a corresponding decline in **EBITDA**.

The focus in 2021 is particularly on sales activities designed to generate new orders after the markets begin to slowly recover. In addition, the supplier chain and procurement will be enhanced in order to optimise delivery time. These measures will help to reduce NCOA (net current operating assets) tied up by reducing inventories in particular. We therefore expect a slight decline in **NCOA**.

Investments (**CAPEX**) on par with the prior year are planned for 2021 in order to – among other objectives – expand and upgrade machine facilities. These investments are to be financed from cash flows from operating activities. For this reason, CAPEX at a similar level is projected.

We assume the situation will start to stabilise in Q3 2021. Due to the reduction in the first half of 2021, we project that our revenue will experience a decline in the lower double-digit percentage range, while a corresponding decline in **EBITDA** is also expected.

Forecast of non-financial performance indicators for corporate management

The specific focus on health, safety, security and environment (HSSE) will continue to be pursued in financial year 2021. As in the prior year, the target figure for **lost time injuries** ("LTIs") was therefore fixed at "0" in conformance with the group target of "zero accidents" (2020: 0 LTI).

Our forecast is based, among other things, on predictions about future events over which we have no control. To this extent, it cannot be ruled out that the events that actually occur will deviate from our expectations with regard to future developments.

Opportunities and risks

Project-related and cross-company opportunities and risks are generally measured in accordance with the principle of commercial prudence and are factored into the Company's financial planning. There may also be further opportunities and risks which, if they materialise, could positively or negatively influence the forecast result.

Opportunities

One of the goals of development projects carried out in the past was to optimise product quality. The effectiveness of these projects was visible in the reporting year through the rise in revenue from slurry pumps. Thanks to the improvements made, additional market potential was tapped which is not currently taken into account in planning.

In the 'DLS' (Drilling Lifecycle Services, i.e. spare parts and service business) field, the range of performance and services is also continuously being optimised and better tailored to current customer needs in an effort to further improve customer satisfaction. The digitalisation of services is currently playing a major role above all. This will lead to further potential opening up.

In terms of recruitment, despite demographic changes and a general shortage of skilled workers, the Company benefits from the high internal trainee quota of ~10%. This figure means that the Company can in most cases replace exiting employees with its own young talent.

Thanks to the Company's strong focus on cost-cutting measures in recent years, it is now in the position to respond flexibly to fluctuations in sales without incurring significant expenses or implementing restructuring measures.

Risk report

Below, the risks to which the Company is exposed are presented in descending order of significance:

Inventory risks (performance risk)

The Company is faced with the risk of losing orders if it is unable to produce and deliver the products within the period expected by the customer or if penalties have to be paid due to missed deadlines. To secure the availability of purchased parts with long delivery times (> 6 months) and to ensure the ability to deliver spare and wear parts for popular products at short notice, there are stocks of non-order-related finished goods that amounted to EUR 21.9 million as at 31 December 2020 (PY: EUR 25.1 million). They largely comprise standardised parts that are required in large quantities for mud pumps, draw works, top drives, rotary tables and pile top drill rigs, etc. Thanks to the continuous qualification of new suppliers, framework agreements with suppliers as well as early procurement of selected components, delivery times and prices are optimised on an ongoing basis.

Warranty risks (performance risk)

Warranty risks can result particularly in the case of custom products and machines which are subject to high levels of stress when in use by the purchaser. We counter these risks by carefully determining and contractually specifying the operating conditions and guaranteed qualities of our products as well as through comprehensive quality assurance measures in procurement and production. Sufficient provisions are determined for unavoidable warranty claims that generally arise as well as individual circumstances that come to our attention.

Procurement risks (environmental risk)

The Company is exposed to availability and price risks as part of the procurement process. This risk has gone up globally again on account of the Covid-19 crisis.
Close and longstanding business relationships with numerous existing suppliers are the basis for our cooperation in procurement. Potential procurement risks, such as threats to security of supply, are countered through long-term supply contracts and targeted development of alternative suppliers in the effort to reduce the risk of dependency. Risks from warranty claims in cases of faulty products or product liability claims are managed by contracts and supplier right of recourse. A major focus lies on optimising the supplier portfolio in order to improve the competitive position.

Risks associated with financial instruments

Liquidity/financing: The Company's long-term financing is secured through its participation in the Akastor cash pool. MHWirth currently has sufficient funds to draw on in the cash pool. In addition, a group loan currently amounting to EUR 19.0 million is available to the Company. The cash pool presents a risk insofar as bank balances of the reporting Company could be held liable for the risks of other group companies.

Currencies: Due to the Company's high export ratio, currencies are a constant risk. To minimise this risk, procurement and sales transactions denominated in foreign currencies are rigorously secured as micro hedges through derivative financial instruments (forward exchange contracts). This is closely coordinated with Akastor – 'Corporate Treasury'.

Default risk: Permanent monitoring and assessment of receivables through active receivables management reduces the risk to a minimum. A permanent partially automated debtor monitoring system reports deteriorations in credit worthiness, payment behaviour or rating at an early stage. The political and economic risks of import and export transactions are hedged where possible through Hermes cover.

Overall assessment of the risk position by Company management

Overall, there are no current going concern risks for MHWirth GmbH, nor are any such risks discernible.

With utmost respect and appreciation, we thank all our Company's employees for their commitment in 2020 and for their trust in management. We also thank our business partners who have contributed significantly to our success with their trust and cooperation.

Erkelenz, 10 March 2021

MHWirth GmbH

Einar Brønlund

Independent Auditor's Report (translation)

To MHWirth GmbH, Erkelenz

Opinions

We have audited the annual financial statements of MHWirth GmbH, Erkelenz, which comprise the balance sheet as at 31 December 2020, and the income statement for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of MHWirth GmbH for the financial year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 10 March 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Buchwald Wirtschaftsprüfer [German Public Auditor]	Berns Wirtschaftsprüfer [German Public Auditor]

MHWirth FZE

Financial statements
31 December 2021

MHWirth FZE

Financial Statements
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Independent auditors' report

To the shareholder of MHWirth FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHWirth FZE ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and their preparation in accordance with the applicable provisions of The Jebel Ali Free Zone Companies Implementing Regulations 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements have been prepared, in all material respects, in accordance with The Jebel Ali Free Zone Companies Implementing Regulations 2016.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.:1146
Dubai, United Arab Emirates

Date 15 APR 2022

MHWirth FZE

Statement of profit or loss and comprehensive income
for the year ended 31 December 2021

	Note	**2021 AED**	2020 AED
Revenue	*5*	**14,127,633**	32,564,801
Operating costs	*6*	**(7,741,562)**	(24,034,098)
Gross profit		**6,386,071**	8,530,703
General and administrative expenses	*7*	**(6,772,361)**	(5,597,435)
Other income	*8*	**2,109,773**	2,831,114
Profit for the year		**1,723,483**	5,764,382
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,723,483**	5,764,382

The notes on pages 8 to 30 form an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

MHWirth FZE

Statement of financial position
as at 31 December 2021

	Note	2021 AED	2020 AED
ASSETS			
Non-current asset			
Property and equipment	*10*	**18,804**	52,388
Current assets			
Inventories	*9*	**291,711**	273,660
Contract assets	*12*	**353,709**	670,083
Trade and other receivables	*11*	**4,927,873**	6,931,052
Due from related parties	*13*	**14,361,831**	13,178,437
Cash and bank balances	*14*	**7,070,941**	7,594,728
Total current assets		**27,006,065**	28,647,960
Total assets		**27,024,869**	28,700,348
LIABILITIES			
Current liabilities			
Trade and other payables	*15*	**2,281,090**	2,787,366
Due to related parties	*13*	**1,005,592**	3,227,185
Total current liabilities		**3,286,682**	6,014,551
Non-current liability			
Employees' end of service benefits	*16*	**2,732,780**	1,567,298
Total liabilities		**6,019,462**	7,581,849
Equity			
Share capital	*17*	**8,000,000**	8,000,000
Retained earnings		**13,005,407**	13,118,499
Total equity		**21,005,407**	21,118,499
Total liabilities and equity		**27,024,869**	28,700,348

The notes on pages 8 to 30 form an integral part of these financial statements.

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

These financial statements were approved and authorised for issuance by the Board of Directors on 15 APR 2022 and signed on their behalf by:

General Manager
Rakan Al Saifi
(Power of Attorney dated 4 February 2021)

The independent auditors' report is set out on pages 1 to 3.

MHWirth FZE

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		**1,723,483**	5,764,382
Adjustments for:			
Reversal of impairment against trade receivables	*21(a)*	**-**	(64,930)
Depreciation	*10*	**33,584**	103,504
Provision for obsolete inventories	*9*	**-**	28,048
Provision for employees' end service benefits	*16*	**377,270**	394,739
Operating profit before working capital change		**2,134,337**	6,225,743
Working capital changes:			
Change in inventories	*9*	**(18,051)**	(109,364)
Change in contract assets	*12*	**316,374**	35,684
Change in trade and other receivables	*11*	**2,003,179**	(2,615,496)
Change in due from related parties*	*13*	**(395,182)**	3,996,839
Change in trade and other payables	*15*	**(506,276)**	(62,900)
Change in due to related parties	*13*	**(2,221,593)**	2,491,368
Payment of employees' end service benefits	*16*	**-**	(536,890)
Net cash flows generated from operating activities		**1,312,788**	9,424,984
Cash flows from investing activity			
Purchase of property and equipment	*10*	**-**	(10,564)
Net cash used in investing activity		**-**	(10,564)
Cash flows from financing activities			
Dividend paid	*18*	**(1,836,575)**	(5,509,725)
Reduction on share capital	*17*	**-**	(2,000,000)
Net cash used in financing activities		**(1,836,575)**	(7,509,725)
Net (decrease)/increase in cash and cash equivalents		**(523,787)**	1,904,695
Cash and cash equivalents at the beginning of the year		**7,594,728**	5,690,033
Cash and cash equivalents at the end of the year	*14*	**7,070,941**	7,594,728

*This includes non-cash transaction which is related to offset of gratuity provision against due from related party (refer note 13).

The notes on pages 8 to 30 form an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

MHWirth FZE

Statement of changes in equity
for the year ended 31 December 2021

	Share Capital AED	Retained earnings AED	Total AED
At 1 January 2020	10,000,000	12,863,842	22,863,842
Total comprehensive income for the year			
Profit for the year	-	5,764,382	5,764,382
Transaction with owner recorded directly in equity			
Reduction in share capital (refer note 17)	(2,000,000)	-	(2,000,000)
Dividend declared and paid (refer note 18)	-	(5,509,725)	(5,509,725)
At 31 December 2020	8,000,000	13,118,499	21,118,499
At 1 January 2021	8,000,000	13,118,499	21,118,499
Total comprehensive income for the year			
Profit for the year	-	1,723,483	1,723,483
Transaction with owner recorded directly in equity			
Dividend declared and paid (refer note 18)	-	(1,836,575)	(1,836,575)
At 31 December 2021	**8,000,000**	**13,005,407**	**21,005,407**

The notes on pages 8 to 30 form an integral part of these financial statements.

1 Legal status and business activities

MHWIRTH FZE ("the Company"), was incorporated as a Free Zone Establishment in the Jebel Ali Free Zone, in Dubai, United Arab Emirates on 29 April 2008. The Company is a wholly owned subsidiary of MHWIRTH AS ("the Shareholder"), a company incorporated in Norway. With effect from 15 October 2014, the Company resolved to change its name from Aker MH FZE to MHWirth FZE. The ultimate holding companies of MHWirth AS are Akastor ASA (50%) and Baker Hughes Holding LLC (50%).

The principal activities of the Company are general trading of well drilling equipment, oilfield natural gas equipment and spare parts and related services.

The registered address of the Company is P.O. Box 262597, Jebel Ali, Dubai, United Arab Emirates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with The Jebel Ali Free Zone Companies Implementing Regulations 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirhams ("AED") which is the functional and presentation currency of the Company.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies that may have a material effect on the amounts recognised in the financial statements are described in note 21.

3 Significant accounting policies

3.1 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to havc a significant impact on the Company's financial statements:

- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Definition of accounting estimate (Amendments to IAS 8).
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37).
- Annual improvements to IFRS Standards 2018 – 2020 (1 January 2022).
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

3.2 Leases

The Company assesses whether a contract is or contains lease based on the definition of a lease, as explained below.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

a) the Company has the right to operate the asset; or

b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

3 Significant accounting policies (continued)

3.2 Leases (continued)

(i) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for a facility of similar amount, tenor and structure. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of agreed payments, including in-substance agreed payments over the term of the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Based on management's assessment, the application of IFRS 16 – Leases does not have a material impact on the financial statements as a lessor or as a lessee and hence, the Company did not make any adjustments in this regard.

3 Significant accounting policies (continued)

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.4 Property and equipment

Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any (refer to accounting policy on impairment). Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to a working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised on a net basis within other income or other expense in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. On-going repairs and maintenance is expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset. Depreciation on items of property and equipment is charged to profit or loss on a straight-line basis over their estimated useful lives from the date of acquisition as follows:

	Years
Furniture, fixtures and equipment	3 - 5
Motor vehicle	3

The depreciation method, residual value and useful lives of items of property and equipment are reviewed annually and amended if circumstances change. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

3 Significant accounting policies (continued)

3.5 Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

Classification and measurement of financial assets and financial liabilities (continued)

- evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or arc managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Classification and measurement of financial assets and financial liabilities ***(continued)***

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Classification and measurement of financial assets and financial liabilities ***(continued)***

Impairment

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances which are measured at 12-month ECLs.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Impairment *(continued)*

Financial instruments and contract assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Impairment ***(continued)***

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Revenue from contracts with customers

The Company recognises revenue from rendering of services based on a five step model as set out in IFRS 15:

Step 1	Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the Customer.
Step 3	Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised service to a customer, excluding amounts collected on behalf of third parties.
Step 4	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5	Recognise revenue when (or as) the entity satisfies a performance obligation.

3 Significant accounting policies *(continued)*

3.6 Revenue from contracts with customers *(continued)*

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Sale of goods
Customers obtain control of goods when the goods are delivered to the customers. Invoices are generated at that point in time. Invoices are usually payable within 30 days. Discounts are provided for goods however insignificant in amount.

Revenue is recognised when the goods are delivered and have been accepted by customers. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue for made-to-order paper products is recognised over time – i.e. before the goods are delivered to the customers' premises.

Rendering of services

Under IFRS 15, the consideration under service contract is based on their stand-alone selling price as agreed with the customer in the respective service contracts. As per Company's assessment, the fair value and stand-alone selling prices of the services are broadly similar.
Commission income is recognised at a point in time when the services are provided.

3.7 Foreign currency transactions

Transactions denominated in foreign currencies are translated into AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the AED at the exchange rates ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3 Significant accounting policies *(continued)*

3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3.9 Employees' end of service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is 'discounted' to determine its present value. Re-measurements are recognized in the statement of profit or loss and other comprehensive income in the year in which they arise.

4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Furthermore, quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, contract assets, due from related parties and cash at bank. The exposure to credit risk on trade and other receivables, contract assets and due from related parties are monitored on an ongoing basis and these are considered recoverable by the Company's management. The Company's cash is placed with banks of good repute.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and the country, in which customers operate, has less of an influence on credit risk.

4 Financial risk management *(continued)*

4.1 Credit risk (continued)

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

4.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

4.3 Market rate risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not significantly exposed to currency risk. USD is currently pegged to AED.

Capital management

The Management manages the Company's capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimisation of debt and equity balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the current year and previous year. The Company is not subject to externally imposed capital requirements except for requirements as per the provisions of the Implementing Regulations of Jebel Ali Free Zone.

5 Revenue

	2021 AED	2020 AED
Sale of goods	**8,972,781**	16,803,389
Services	**5,154,852**	15,761,412
	14,127,633	32,564,801

Primary geographical markets for the Company's revenue is in the UAE. For details on the revenue recognition policy, please refer note 3.6. Revenue on sale of goods is recognised point of time and revenue on services is recognised over the period of time when services are rendered.

6 Operating Cost

	2021 AED	2020 AED
Material Cost	**7,012,594**	23,262,170
Staff cost	**728,968**	771,928
	7,741,562	24,034,098

7 General and administrative expenses

	2021 AED	2020 AED
Salaries and other related benefits (refer note (i) below)	**2,464,127**	1,955,979
Management fee (refer note 13)	**1,179,427**	524,798
Rent	**900,435**	886,178
IT Charges	**587,662**	511,866
Communication	**274,847**	318,213
Foreign exchange loss	**227,763**	42,054
Insurance	**116,475**	70,094
Audit and assurance fee	**79,646**	115,216
Depreciation (refer note 10)	**33,584**	103,504
Traveling and conveyance	**27,336**	102,657
Provision for obsolete inventories (refer note 9)	**-**	28,048
Legal and professional charges	**-**	21,087
Other expenses	**881,059**	917,741
	6,772,361	5,597,435

(i) Out of total gross salaries and other related benefits of AED 8,419,035 *(2020: AED* 8,001,031*)*, an amount of AED 2,464,127 *(2020: AED* 1,955,979*)* had been charged under general and administrative expenses, AED 728,968 (*2020: AED 771,928*) had been charged under operating costs and the remaining amount of AED 5,225,940 (2020: AED 5,273,124) is recharged to MHWirth Gas and Oil.

8 Other income

	2021 **AED**	2020 AED
Reversal of bad and doubtful debts recovered (refer note 21 (a))	**-**	64,930
Management fee (refer note 13)	**2,109,773**	2,766,184
	2,109,773	2,831,114

9 Inventories

	2021 **AED**	2020 AED
Spare parts	**329,772**	311,721
Less: allowance for impairment against obsolete inventory	**(38,061)**	(38,061)
	291,711	273,660

The movement in allowance for impairment against obsolete inventories was as follows:

	2021 **AED**	2020 AED
At 1 January	**38,061**	502,694
Provision for the year	**-**	28,048
Provision write off for the year	**-**	(492,681)
At 31 December	**38,061**	38,061

10 Property and equipment

	Furniture, fixtures and equipment AED	Motor vehicles AED	Total AED
Cost			
At 1 January 2020	3,728,174	71,000	3,799,174
Additions	10,564	-	10,564
At 31 December 2020 and 2021	3,738,738	71,000	3,809,738
Accumulated depreciation			
At 1 January 2020	3,582,846	71,000	3,653,846
Charge for the year (refer note 7)	103,504	-	103,504
At 31 December 2020	3,686,350	71,000	3,757,350
At 1 January 2021	3,686,350	71,000	3,757,350
Charge for the year (refer note 7)	33,584	-	33,584
At 31 December 2021	3,719,934	71,000	3,790,934
Net book value			
At 31 December 2021	**18,804**	-	**18,804**
At 31 December 2020	52,388	-	52,388

As at 31 December 2021, cost of furniture, fixtures & equipment and motor vehicles in the total amount of AED 3,727,132 has been fully depreciated *(as at 31 December 2020: AED 3,675,179).*

11 Trade and other receivables

	2021 AED	2020 AED
Trade receivables	**4,084,320**	5,943,008
Less: provision for expected credit loss on trade receivables (refer note 21 (a))	-	(555,841)
	4,084,320	5,387,167
Prepayments	**623,743**	1,050,049
Deposits	**72,741**	413,145
VAT receivable	**94,306**	14,590
Others	**52,763**	66,101
	4,927,873	6,931,052

(i) As at 31 December 2021 the Company does not have concentration of credit risk (as at 31 December 2020: 5 customers accounting for 72%).

12 Contract assets

	2021 AED	2020 AED
Contract assets	**353,709**	670,083

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date.

13 Related party transactions and balances

The Company in the ordinary course of business enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. Transactions with related parties were carried out at mutually agreed terms.

The significant related party transactions are as follows:

	2021 AED	2020 AED
Purchases of materials	**5,995,000**	20,528,614
Sales of goods and services	**944,595**	976,070
Management fees expense (refer note 7 and note (c) below)	**1,179,427**	524,798
Management fee income (refer to note 8 and note (a) below)	**2,109,773**	2,766,184
Expense recharged to a related party (refer note (b) below)	**5,225,940**	5,273,124

(a) Management fee is charged to a related party "MHWirth Gas and Oil-Field Equipment and Services LLC" for the use of Company's administrative services and related facilities. As per the agreement, 5% of total revenue earned by the related party is charged by the Company.

(b) The Company provides services of technical nature to a related party's customer projects. Consequently, the salaries are recharged to that related party. The recharge amount is offset in the operating staff costs.

(c) Management fee is also charged by the Parent Company "MH Wirth AS" for the use of Company's administrative services and related facilities.

13 Related party transactions and balances *(continued)*

Compensation to key management personnel

	2021 AED	2020 AED
Salaries and other short-term employee benefits	**1,429,596**	1,302,000
Provision for staff terminal benefits	**128,391**	100,978

Due from related parties

	2021 AED	2020 AED
MHWirth Gas and Oilfield Equipment & Services LLC	**13,500,319**	13,168,713
Step oil tools FZE	**9,640**	9,724
Hydril pressure controlling Arabia Limited	**123,075**	-
MHH Holding B.V*	**728,797**	-
	14,361,831	13,178,437

*This includes gratuity provision recorded in books of accounts for the employees transferred from MHH Holding B.V.

Due to related parties

	31 Dec 2021 AED	31 Dec 2020 AED
MHWirth AS	**233,460**	2,689,495
MHWirth Gmbh	**470,021**	537,690
Hydril USA distribution LLC	**294,697**	-
MHWirth UK Ltd	**7,414**	-
	1,005,592	3,227,185

Balances due from / to related parties are un-secured, repayable on demand and carried no interest.

14 Cash and bank balances

	2021 AED	2020 AED
Cash at bank – current accounts	**7,070,941**	7,594,728

15 Trade and other payables

	2021 AED	2020 AED
Trade payables	**748,191**	1,185,420
Accrued expenses and provisions	**778,883**	542,508
Advance from customers	**97,205**	-
Other payables	**656,811**	1,059,438
	2,281,090	2,787,366

16 Employees' end of service benefits

	2021 AED	2020 AED
At 1 January	**1,567,298**	1,709,449
Provision made during the year	**377,270**	394,739
Transferred during the year*	**788,212**	-
Payments made during the year	**-**	(536,890)
At 31 December	**2,732,780**	1,567,298

The provision for employees' end of service benefits is calculated in accordance with the UAE Federal Labour Law and is based on the liability that would arise if the employment of all the Company's staff were terminated on the reporting date. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

* This represents the gratuity provision relating to employees transferred from MHH Holding B.V amounting to AED 788,212 which was offset against due from related party.

17 Share capital

	2021 AED	2020 AED
Authorized, issued and fully paid up capital		
8 shares with par value of AED 1,000,000 each	**8,000,000**	8,000,000

According to the Board resolution dated 15 October 2020, the Company reduced its share capital by AED 2,000,000.

18 Dividend

During the current year, the Company has declared and paid dividend amounting to AED 1,836,575 *(2020: AED 5,509,725)*.

19 Contingent liabilities and capital commitment

There are no contingent liabilities *(2020: AED 2,035,292)* and no capital commitment as at 31 December 2021 *(2020: nil)*.

20 Operating lease commitments

The Company leases office premises under an operating lease. The leases run for a period of one year, with an option to renew the lease after that date. Current lease is expiring in October 2022 and management is undecided to renew the lease and therefore management is of the view that impact of IFRS 16 on the financial statements is not material to the financial statements.

Non-cancellable operating lease rentals are payable as follows:

	2021 AED	2020 AED
Due within one year	**527,297**	385,560

21 Financial instruments

Financial assets of the Company include cash at banks, due from related parties, trade and other receivables and contract assets. Financial liabilities of the Company include due to related parties and trade and other payables. Accounting policies for financial assets and financial liabilities are set out in note 3.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, contract assets, due from related parties and cash at banks. The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a legal entity, wholesale, customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	2021	2020
	AED	AED
Trade receivables	**4,084,320**	5,387,167
Contract assets	**353,709**	670,083
Other receivables (excluding VAT, prepayments and advances)	**122,808**	493,836
Due from related parties	**14,361,831**	13,178,437
Cash at banks	**7,070,941**	7,594,728
	25,993,609	27,324,251

(i) Trade receivables

Expected credit loss assessment for customers as at 31 December 2021

The Company uses and allowance matrix to measure the ECLs of trade receivables and contract asset from customers. Loss rates are calculated using "roll rate" method based on the profitability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately to exposures in different segments based on the following common credit risks characteristics – geographic regions, age of customer relationship and industry.

The following table provides the information above the exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

21 Financial instruments *(continued)*

(a) Credit risk *(continued)*

(i) Trade receivables *(continued)*

	Gross 2021 AED	Loss allowance 2021 AED	Credit impaired
Not past due	**2,516,565**	-	No
0 – 30 days from due date	**768,105**	-	No
31 – 90 days from due date	**344,596**	-	No
91 – 180 days from due date	**228,353**	-	No
Above 180 days from due date	**226,701**	-	No
Total	**4,084,320**		

The following table provides the information above the exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	Gross 2020 AED	Loss allowance 2020 AED	Credit impaired
Not past due	2,979,947	-	No
0 – 30 days from due date	957,413	-	No
31 – 90 days from due date	1,377,862	-	No
91 – 180 days from due date	106,627	34,682	No
Above 180 days from due date	521,159	521,159	Yes
Total	5,943,008	555,841	

The movement in allowance for impairment against trade receivables was as follows:

	2021 AED	2020 AED
At 1 January	**555,841**	620,771
Reversal during the year (refer note 8)	-	(64,930)
Write off during the year	**(555,841)**	-
At 31 December	-	555,841

21 Financial instruments *(continued)*

(a) Credit risk *(continued)*

(ii) Cash at bank

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2021 AED	2020 AED
Externally rated financial assets (Moody's)		
A and above	**7,070,941**	7,594,728

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

Non-derivative financial liabilities

	Carrying amount AED	**Contractual cash outflows AED**	**Less than one year AED**	**More than one year AED**
31 December 2021				
Trade and other payables (excluding advance from customers)	**2,183,885**	**(2,183,885)**	**(2,183,885)**	-
Due to related parties	**1,005,592**	**(1,005,592)**	**(1,005,592)**	-
	3,189,477	**(3,189,477)**	**(3,189,477)**	-
31 December 2020				
Trade and other payables	2,787,366	(2,787,366)	(2,787,366)	-
Due to related parties	3,227,185	(3,227,185)	(3,227,185)	-
	6,014,551	(6,014,551)	(6,014,551)	-

21 Financial instruments *(continued)*

(c) Interest rate risk

At the reporting date, the Company is not exposed to any interest rate risk.

(d) Currency risk

At the reporting date, the Company is not significantly exposed to currency risk.

(e) Fair value

The carrying value of the Company's financial assets and liabilities approximates their fair value at the reporting date.

22 Significant accounting estimates and judgments

The following are the significant accounting estimates and judgments used by management in the preparation of these financial statements:

Expected credit losses on trade receivables and contract assets (including amounts due from related parties)

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and other receivables, contract assets and due from related parties. In determining whether impairment losses should be recognised in profit and loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with 'expected credit loss' (ECL) model. This will requires considerable judgement about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

23 COVID-19 impact

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has been declared as pandemic by World Health Organisation (WHO), which in turn has resulted in significant disruption to business operations, trade and economic activities leading to significant economic uncertainty. Considering the situation getting deteriorated with time, the management has assessed that it is impractical to determine a reliable quantitative estimate of the potential impact on the Company's financial position.

The full impact of COVID-19 remains uncertain and will be determined by factors that continue to evolve, including but not limited to: the success of support measures introduced by governments; the volume and velocity of the trade; the ability of the wider economy to recover; and the timing and manner of the easing of restrictions (such as lockdowns and social distancing).

MHWirth FZE

Financial statements

31 December 2020

MHWirth FZE

Financial Statements

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Contents

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Independent Auditors' Report

To the Shareholder of MHWirth FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHWirth FZE ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in accordance with the applicable provisions of The Jebel Ali Free Zone Companies Implementing Regulations 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements have been prepared, in all material respects, in accordance with the Jebel Ali Free Zone Companies Implementing Regulations 2016.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No: 968
Dubai, United Arab Emirates

Date 03 JUN 2021

MHWirth FZE

Statement of profit or loss and comprehensive income
for the year ended 31 December 2020

	Note	2020 AED	2019 AED
Revenue	5	**32,564,801**	20,765,595
Operating costs		**(24,034,098)**	(14,378,835)
Gross profit		**8,530,703**	6,386,760
General and administrative expenses	6	**(5,597,435)**	(7,191,532)
Impairment loss on trade receivables	20(a)	**-**	(510,217)
Other income	7	**2,831,114**	4,780,320
Profit for the year		**5,764,382**	3,465,331
Other comprehensive income		**-**	-
Total comprehensive income for the year		**5,764,382**	3,465,331

The notes on pages 8 to 32 form an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

MHWirth FZE

Statement of financial position
as at 31 December 2020

	Note	**2020 AED**	2019 AED
Non-current asset			
Property and equipment	*9*	**52,388**	145,328
Current assets			
Inventories	*8*	**273,660**	192,344
Contract assets	*11*	**670,083**	705,767
Trade and other receivables	*10*	**6,931,052**	4,250,626
Due from related parties	*12*	**13,178,437**	17,175,276
Cash and bank balances	*13*	**7,594,728**	5,690,032
Total current assets		**28,647,960**	28,014,045
Current liabilities			
Trade and other payables	*14*	**2,787,366**	2,850,266
Due to related parties	*12*	**3,227,185**	735,817
Total current liabilities		**6,014,551**	3,586,083
Net current assets		**22,633,409**	24,427,962
Non-current liability			
Employees' end of service benefits	*15*	**1,567,298**	1,709,449
Net assets		**21,118,499**	22,863,841
Equity			
Share capital	*16*	**8,000,000**	10,000,000
Retained earnings		**13,118,499**	12,863,841
Total equity		**21,118,499**	22,863,841

The notes on pages 8 to 32 form an integral part of these financial statements.

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2020.

These financial statements were approved and authorised for issuance by the Board of Directors on 03 JUN 2021 and signed on their behalf by:

General Manager
Rakan Al Saifi
(Power of Attorney dated 4 February 2020)

The independent auditors' report is set out on pages 1 to 3.

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MHWirth FZE
MHWirth
P.O BOX : 262597
JEBEL ALI
DUBAI - U.A.E

MHWirth FZE

Statement of cash flows
for the year ended 31 December 2020

	Note	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**5,764,383**	3,465,331
Adjustments for:			
(Reversal) / impairment loss on trade receivables	*20(a)*	**-**	510,217
Reversal of provision for doubtful debts	*20(a)*	**(64,930)**	(517,801)
Depreciation	*9*	**103,504**	211,157
Provision for obsolete inventories	*8*	**28,048**	108,428
Provision for employees' end service benefits	*15*	**394,739**	418,466
Operating profit before working capital change		**6,225,744**	4,195,798
Change in inventories	*8*	**(109,364)**	7,108,334
Change in contract assets	*11*	**35,684**	8,418,732
Change in trade and other receivables	*10*	**(2,615,496)**	13,098,119
Change in due from related parties	*12*	**3,996,839**	(16,578,660)
Change in trade and other payables	*14*	**(62,900)**	(1,972,179)
Change in due to related parties	*12*	**2,491,368**	(8,451,773)
Payment of employees' end service benefits	*15*	**(536,890)**	(294,067)
Net cash flows generated from operating activities		**9,424,985**	5,524,304
Cash flows from investing activity			
Purchase of property and equipment	*9*	**(10,564)**	(72,042)
Net cash used in investing activity		**(10,564)**	(72,042)
Cash flows from financing activities			
Dividend paid	*17*	**(5,509,725)**	(5,509,275)
Reduction on share capital	*16*	**(2,000,000)**	-
Net cash used in financing activities		**(9,509,725)**	(5,509,275)
Net increase / (decrease) in cash and cash equivalents		**1,904,696**	(57,013)
Cash and cash equivalents at the beginning of the year		**5,690,032**	5,747,045
Cash and cash equivalents at the end of the year	*13*	**7,594,728**	5,690,032

The notes on pages 8 to 32 form an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

MHWirth FZE

Statement of changes in equity
for the year ended 31 December 2020

	Share capital AED	Retained earnings AED	Total AED
At 1 January 2019	10,000,000	14,907,785	24,907,785
Total comprehensive income for the year			
Profit for the year	-	3,465,331	3,465,331
Transaction with owner recorded directly in equity			
Dividend declared and paid (refer note 17)	-	(5,509,275)	(5,509,275)
At 31 December 2019	10,000,000	12,863,841	22,863,841
At 1 January 2020	10,000,000	12,863,841	22,863,841
Total comprehensive income for the year			
Profit for the year	-	5,764,383	5,764,383
Transaction with owner recorded directly in equity			
Reduction in share capital (refer note 16)	(2,000,000)	-	(2,000,000)
Dividend declared and paid (refer note 17)	-	(5,509,725)	(5,509,725)
At 31 December 2020	**8,000,000**	**13,118,499**	**21,118,499**

The notes on pages 8 to 32 form an integral part of these financial statements.

MHWirth FZE

Notes to the financial statements

1 Legal status and business activities

MHWIRTH FZE ("the Company"), was incorporated as a Free Zone Establishment in the Jebel Ali Free Zone, in Dubai, United Arab Emirates on 29 April 2008. The Company is a wholly owned subsidiary of Aker MH AS ("the Shareholder"), a company incorporated in Norway. With effect from 15 October 2014, the Company resolved to change its name from Aker MH FZE to MHWirth FZE. The Company registered a branch in Dubai Multi Commodities Centre on 22 July 2014 (referred to as "the Branch"). The Ultimate Parent Company is MHWIRTH AS.

The principal activities of the Company are general trading of well drilling equipment, oilfield natural gas equipment and spare parts and related services.

The registered address of the Company is P.O. Box 262597, Jebel Ali, Dubai, United Arab Emirates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with The Jebel Ali Free Zone Companies Implementing Regulations 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirhams ("AED") which is the functional and presentation currency of the Company.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies that may have a material effect on the amounts recognised in the financial statements are described in note 21.

3 Significant accounting policies

3.1 New standards, amendments and interpretations

Standards issued and effective beginning on 1 January 2020

The following new or amended standards that are required to be adopted in annual periods beginning on 1 January 2020 and does not have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Standards issued and not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Covid-19 Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform -Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts -Cost of Fulfilling a Contract (Amendment to IAS 37)
- Annual improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Classification of Liabilities as Current and Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 16 Insurance Contracts
- Sale or Contribution of Assets between and Investor its Associates or Joint Venture (Amendments to IFRS 10 and 28)

3.2 IFRS 16 Leases

The Company assesses whether a contract is or contains lease based on the definition of a lease, as explained below.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

3 Significant accounting policies *(continued)*

3.2 IFRS 16 Leases *(continued)*

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

a) the Company has the right to operate the asset; or
b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

(i) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate for a facility of similar amount, tenor and structure. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of agreed payments, including in-substance agreed payments over the term of the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 Significant accounting policies *(continued)*

3.2 IFRS 16 Leases *(continued)*

(i) As a lessee *(continued)*

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Based on management's assessment, the application of IFRS 16 – Leases does not have a material impact on the financial statements as a lessor or as a lessee and hence, the Company did not make any adjustments in this regard.

3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.4 Property and equipment

Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any (refer to accounting policy on impairment). Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to a working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised on a net basis within other income or other expense in profit or loss.

3 Significant accounting policies *(continued)*

3.4 Property and equipment *(continued)*

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. On-going repairs and maintenance is expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset. Depreciation on items of property and equipment is charged to profit or loss on a straight-line basis over their estimated useful lives from the date of acquisition as follows:

Years	
Furniture, fixtures and equipment	3 - 5
Motor vehicle	3

The depreciation method, residual value and useful lives of items of property and equipment are reviewed annually and altered if circumstances change. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

3.5 Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

3 Significant accounting policies *(continued)*

3.5 Financial instruments

Classification and measurement of financial assets and financial liabilities *(continued)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies *(continued)*

3.5 Financial instruments

Classification and measurement of financial assets and financial liabilities *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the

principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as

consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Classification and measurement of financial assets and financial liabilities *(continued)*

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Classification and measurement of financial assets and financial liabilities *(continued)*
Impairment

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances which are measured at 12-month ECLs.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Impairment *(continued)*

Financial instruments and contract assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3 Significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Impairment *(continued)*

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3 Significant accounting policies *(continued)*

3.6 Revenue from contracts with customers

The Company recognises revenue from rendering of services based on a five step model as set out in IFRS 15:

Step 1	Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the Customer.
Step 3	Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised service to a customer, excluding amounts collected on behalf of third parties.
Step 4	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5	Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

3 Significant accounting policies *(continued)*

3.6 Revenue from contracts with customers *(continued)*

Sale of goods

Customers obtain control of goods when the goods are delivered to the customers. Invoices are generated at that point in time. Invoices are usually payable within 30 days. Discounts are provided for goods however insignificant in amount.

Revenue is recognised when the goods are delivered and have been accepted by customers. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue for made-to-order paper products is recognised over time – i.e. before the goods are delivered to the customers' premises.

Rendering of services

Under IFRS 15, the consideration under service contract is based on their stand-alone selling price as agreed with the customer in the respective service contracts. As per Company's assessment, the fair value and stand-alone selling prices of the services are broadly similar.
Commission income is recognised at a point in time when the services are provided.

3.7 Foreign currency transactions

Transactions denominated in foreign currencies are translated into AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the AED at the exchange rates ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3 Significant accounting policies *(continued)*

3.9 Employees' end of service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is 'discounted' to determine its present value. Re-measurements are recognized in profit or loss in the year in which they arise.

4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Furthermore, quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.1 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, contract assets, due from related parties and cash at bank. The exposure to credit risk on trade and other receivables, contract assets and due from related parties are monitored on an ongoing basis and these are considered recoverable by the Company's management. The Company's cash is placed with banks of good repute.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and the country, in which customers operate, has less of an influence on credit risk.

4 Financial risk management *(continued)*

4.1 *Credit risk (continued)*

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

4.2 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

4.3 *Market rate risk*

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not significantly exposed to currency risk. USD is currently pegged to AED.

Capital management

The Management manages the Company's capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimisation of debt and equity balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, issue new shares, or sell assets to reduce debt.

4 Financial risk management *(continued)*

4.3 *Market risk* (continued)

Capital management (continued)

There were no changes in the Company's approach to capital management during the current year and previous year. The Company is not subject to externally imposed capital requirements except for requirements as per the provisions of the Implementing Regulations of Jebel Ali Free Zone.

5 Revenue

	2020 AED	2019 AED
Sale of goods	**16,803,389**	3,991,111
Services	**15,761,412**	16,774,484
	32,564,801	20,765,595

Primary geographical markets for the Company's revenue is in the UAE. For details on the revenue recognition policy, please refer note 3.6. Revenue on sale of goods is recognised point of time and revenue on services is recognised over the period of time when services are rendered.

6 General and administrative expenses

	2020 AED	2019 AED
Salaries and other related benefits (refer note (i) below)	**1,955,979**	3,417,878
Rent	**886,178**	908,684
IT Charges	**511,866**	542,097
Other expenses	**409,913**	388,945
Communication	**318,213**	358,938
Other services	**507,828**	314,881
Management fee (refer note 12)	**524,798**	298,137
Traveling and conveyance	**102,657**	268,982
Depreciation (refer note 9)	**103,504**	211,157
Finance cost	**42,054**	177,187
Audit and assurance fee	**115,216**	148,066
Provision for obsolete inventories (refer note 8)	**28,048**	108,428
Legal and professional charges	**21,087**	27,686
Insurance	**70,094**	20,466
	5,597,435	7,191,533

(i) Out of total salaries and other related benefits of AED 8,001,031 *(2019: AED 8,314,332)*, an amount of AED 1,955,979 *(2019: AED 3,417,878)* had been charged under general and administrative expenses and remaining had been charged under operating costs.

7 Other income

	2020 AED	2019 AED
Reversal of bad and doubtful debts recovered (refer note 20 (a))	**64,930**	517,801
Management fee (refer note 12)	**2,766,184**	4,262,519
	2,831,114	4,780,320

8 Inventories

	2020 AED	2019 AED
Spare parts	**311,721**	694,993
Less: provision for obsolete inventory	**(38,061)**	(502,649)
	273,660	192,344

During the current year, stock amounting to AED nil *(2019: AED 6,139,74)* was transferred to a related party, at cost.

The movement in allowance for impairment against obsolete inventories was as follows:

	2020 AED	2019 AED
At 1 January	**502,694**	394,221
Provision for the year	**28,048**	108,428
Provision write off for the year	**(492,681)**	-
At 31 December	**38,061**	502,649

9 Property and equipment

	Furniture, fixtures and equipment AED	Motor vehicles AED	Total AED
Cost			
At 1 January 2019	3,656,132	71,000	3,727,132
Additions	72,042	-	72,042
At 31 December 2019	3,728,174	71,000	3,799,174
At 1 January 2020	3,728,174	71,000	3,799,174
Additions	10,564	-	10,564
At 31 December 2020	3,738,738	71,000	3,809,738
Accumulated depreciation			
At 1 January 2019	3,371,689	71,000	3,442,689
Charge for the year (refer note 6)	211,157	-	211,157
At 31 December 2019	3,582,846	71,000	3,653,846
At 1 January 2020	3,582,846	71,000	3,653,846
Charge for the year (refer note 6)	103,504	-	103,504
At 31 December 2020	3,686,350	71,000	3,757,350
Net book value			
At 31 December 2020	**52,388**	-	**52,388**
At 31 December 2019	145,328	-	145,328

10 Trade and other receivables

	2020 AED	2019 AED
Trade receivables	**5,943,008**	3,645,925
Less: impairment loss on trade receivables (refer note 20 (a))	**(555,841)**	(620,771)
	5,387,167	3,025,154
Prepayments	**1,050,049**	547,999
Deposits	**413,145**	362,737
Advances from suppliers	-	3,310
Others	**80,691**	311,426
	6,931,052	4,250,626

10 Trade and other receivables *(continued)*

(i) At 31 December 2020, the Company has a concentration of credit risk with 5 customers accounting for 72% *(2019: 75%)* of trade receivables outstanding at that date. Management is confident that this concentration of credit risk will not result in a loss to the business in view of the credit worthiness of the customers. For these customers, there has been no recent history of default.

11 Contract assets

	2020 AED	2019 AED
Contract assets	**670,083**	705,767

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date.

12 Related party transactions and balances

The Company in the ordinary course of business enter into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. Transactions with related parties were carried out at mutually agreed terms.

The significant related party transactions are as follows:

	2020 AED	2019 AED
Purchases of goods and services	**20,528,614**	7,047,466
Sales	**976,070**	323,899
Management fees expense (refer note 6 and note (c) below)	**524,798**	298,137
Management fee income (refer to note 7 and note (a) below)	**2,766,184**	4,262,519
Expense recharge to a related party (refer note (b) below)	**5,273,124**	3,361,449

(a) Management fee is charged to a related party "MHWirth Gas and Oil-Field Equipment and Services LLC" for the use of Company's administrative services and related facilities. As per the agreement, 5% of total revenue earned by the related party is charged by the Company.

(b) The Company provided services of technical nature to a related party's customer projects. Consequently, the salaries are recharged to that related party. The recharge amount is offset in the operating staff costs.

(c) Management fee is also charged by the Parent Company "MH Wirth AS" for the use of Company's administrative services and related facilities.

12 Related party transactions and balances *(continued)*

Compensation to key management personnel

	2020 AED	2019 AED
Salaries and other short-term employee benefits	**1,302,000**	1,712,700
Provision for staff terminal benefits	**100,978**	104,816

Due from related parties

	2020 AED	2019 AED
MHWirth Gas and Oilfield Equipment & Services LLC	**13,168,713**	16,890,651
Step oil tools FZE	**9,724**	-
MHWirth GmbH	**-**	152,662
MHWirth AS (Azerbaijan)	**-**	131,963
	13,178,437	17,175,276

Due to related parties

	2020 AED	2019 AED
MHWirth AS	**2,689,495**	735,817
MHWirth Gmbh	**537,690**	-
	3,227,185	735,817

Balances due from / to related parties are un-secured, repayable on demand and carried no interest.

13 Cash and bank balances

	2020 AED	2019 AED
Cash at bank – current accounts	**7,594,728**	5,690,032
	7,594,728	5,690,032

14 Trade and other payables

	2020 AED	2019 AED
Trade payables	**1,185,420**	165,672
Accrued expenses and provisions	**542,508**	628,393
Other payables	**1,059,438**	2,056,201
	2,787,366	2,850,266

15 Employees' end of service benefits

	2020 AED	2019 AED
At 1 January	**1,709,449**	1,585,050
Provision made during the year	**394,739**	418,466
Payments made during the year	**(536,890)**	(294,067)
At 31 December	**1,567,298**	1,709,449

The provision for employees' end of service benefits is calculated in accordance with the UAE Federal Labour Law and is based on the liability that would arise if the employment of all the Company's staff were terminated on the reporting date. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

16 Share capital

	2020 AED	2019 AED
Authorized, issued and fully paid up capital		
8 shares with par value of AED 1,000,000 each	**8,000,000**	10,000,000

Persuant to the Board resolution dated 15 October 2020, the Company has reduced its share capital by AED 2,000,000 *(2019: nil)*.

17 Dividend

During the current year, the Company has declared and paid dividend amounting to AED 5,509,725 *(2019: 5,509,275)*.

18 Contingent liabilities and capital commitment

There are contingent liabilities of AED 2,035,292 *(2019: nil)* and capital commitment as at 31 December 2020 *(2019: nil)*.

19 Operating lease commitments

The Company leases office premises under an operating lease. The leases run for a period of one year, with an option to renew the lease after that date. Current lease is expiring in October 2021 and management is undecided to renew the lease and therefore management is of the view that impact of IFRS 16 on the financial statements is not material to the financial statements.

Non-cancellable operating lease rentals are payable as follows:

	2020 AED	2019 AED
Due within one year	**385,560**	230,878

20 Financial instruments

Financial assets of the Company include cash at banks, due from related parties, trade and other receivables and contract assets. Financial liabilities of the Company include due to related parties and trade and other payables. Accounting policies for financial assets and financial liabilities are set out in note 3.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, contract assets, due from related party and cash at banks. The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a legal entity, wholesale, customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	2020 AED	2019 AED
Trade receivables	**5,387,167**	3,025,154
Contract assets	**670,083**	705,767
Other receivables (excluding prepayments and advances)	**493,836**	674,163
Due from related parties	**13,178,437**	17,175,276
Cash at bank	**7,594,728**	5,690,032
	27,324,251	27,270,392

(i) Trade receivables

Expected credit loss assessment for customers as at 31 December 2020

The Company uses and allowance matrix to measure the ECLs of trade receivables and contract asset from customers. Loss rates are calculated using "roll rate" method based on the profitability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately to exposures in different segments based on the following common credit risks characteristics – geographic regions, age of customer relationship and industry.

The following table provides the information above the exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

20 Financial instruments *(continued)*

(a) Credit risk *(continued)*

(i) Trade receivables *(continued)*

	Gross 2020 AED	**Loss allowance 2020 AED**	**Credit impaired**
Not past due	**2,979,947**	-	No
0 – 30 days from due date	**957,413**	-	No
31 – 90 days from due date	**1,377,862**	-	No
91 – 180 days from due date	**106,627**	**34,682**	No
Above 180 days from due date	**521,159**	**521,159**	Yes
Total	**5,943,008**	**555,841**	

The following table provides the information above the exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	Gross 2019 AED	Loss allowance 2019 AED	Credit impaired
Not past due	566,006	-	No
0 – 30 days from due date	1,712,015	-	No
31 – 90 days from due date	666,459	-	No
91 – 180 days from due date	144,794	64,209	No
Above 180 days from due date	556,652	556,562	No
Total	3,645,925	620,771	

The movement in allowance for impairment against trade receivables was as follows:

	2020 AED	2019 AED
At 1 January	**620,771**	628,355
Reversal of provision during the year (refer note 7)	**(64,930)**	(517,801)
Provision for the year	-	510,217
At 31 December	**555,841**	620,771

20 Financial instruments *(continued)*

(a) Credit risk *(continued)*

(ii) Cash at bank

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2020 AED	2019 AED
Externally rated financial assets (Moody's)		
A and above	**7,594,728**	5,690,032

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

Non-derivative financial liabilities

	Carrying amount AED	**Contractual cash outflows AED**	**Less than one year AED**	**More than one year AED**
31 December 2020				
Trade and other payables	**2,787,366**	**(2,787,366)**	**(2,787,366)**	**-**
Due to related parties	**3,227,185**	**(3,227,185)**	**(3,227,185)**	**-**
	6,014,551	**(6,014,551)**	**(6,014,551)**	**-**
31 December 2019				
Trade and other payables	2,850,266	(2,850,266)	(2,850,266)	-
Due to related parties	735,817	(735,817)	(735,817)	-
	3,586,083	(3,586,083)	(3,586,083)	-

20 Financial instruments *(continued)*

(c) Interest rate risk

At the reporting date, the company is not exposed to any interest rate risk.

(d) Currency risk

At the reporting date, the company is not significantly exposed to currency risk.

(e) Fair value

The carrying value of the Company's financial assets and liabilities approximate their fair value at the reporting date.

21 Significant accounting estimates and judgments

The following are the significant accounting estimates and judgments used by management in the preparation of these financial statements:

Impairment losses on receivables and contract assets (including amounts due from related parties)

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and other receivables, contract assets and due from related parties. In determining whether impairment losses should be recognised in profit and loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with 'expected credit loss' (ECL) model. This will requires considerable judgement about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

22 COVID-19 impact

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has been declared as pandemic by World Health Organisation (WHO), which in turn has resulted in significant disruption to business operations, trade and economic activities leading to significant economic uncertainty. Considering the situation getting deteriorated with time, the management has assessed that it is impractical to determine a reliable quantitative estimate of the potential impact on the Company's financial position.

The full impact of COVID-19 remains uncertain and will be determined by factors that continue to evolve, including but not limited to: the success of support measures introduced by governments; the volume and velocity of the trade; the ability of the wider economy to recover; and the timing and manner of the easing of restrictions (such as lockdowns and social distancing).

MHWIRTH do Brasil Equipamentos Ltda.

Financial Statements
As at December 31, 2021

(A free translation from the original report issued in Portuguese)

KPDS 968632

Content

KPMG

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Independent auditors' report on the Financial Statements

(A free translation from the original report issued in Portuguese)

To the Directors and Quotaholders of
MHWIRTH do Brasil Equipamentos Ltda.
Macaé – RJ

Opinion

We have audited the financial statements of MHWIRTH do Brasil Equipamentos Ltda. ("the Company"), which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with the Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the relevant Ethics Code of Professional for Accountants and the standards issued by the Federal Accounting Counsel (CFC), 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 Brazilian and international standards on auditing 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.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, May 18, 2022

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-RJ

ORIGINAL REPORT IN PORTUGUESE SIGNED BY
Bernardo Moreira Peixoto Neto
Accountant CRC RJ-064887/0-8

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Balance Sheets on December 31, 2021 and 2020

(In thousands of Reais)

Asset	Note	2021	2020
Current			
Cash and cash equivalents	5	8,225	39,200
Accounts receivable - third parties	6	19,817	15,749
Accounts receivable - related parties	17	1,876	554
Inventories	7	12,041	33,545
Income tax and social contribution recoverable	8	466	381
Other recoverable taxes	8	2,272	685
Advance payment to suppliers - third parties	9	51,638	45,146
Advances payment to suppliers - Related parties	17	-	656
Other Assets	-	355	342
		96,690	**136,258**
Non-current asset			
Advances to suppliers - third parties	9	-	2,969
Other recoverable taxes	8	151	145
		151	**3,114**
Property, plant and equipment	10	146,556	153,805
Intagible	-	1,400	-
Total Asset		244,797	293,177

Liabilities	Note	2021	2020
Current			
Suppliers - third parties	11	1,723	34,325
Suppliers - Related Parties	17	1,060	1,034
Income tax and social contribution payable	8	486	80
Other taxes to collect	8	594	2,387
Social and labor obligations	12	5,130	3,074
Provisions	13	30,389	37,629
Advance payment from customers - third parties		-	2,263
Advances from customers - Related parties	17	18,087	16,954
Other Liabilities		33	-
		57,502	**97,746**
Non-current asset			
Advances from customers - Related parties	17	-	3,678
Provisions	13	1,877	7,653
		1,877	**11,331**
Equity			
Quota capital	15	208,498	208,498
Accumulated losses	15	(23,080)	(24,398)
		185,418	**184,100**
Total liabilities and equity		**244,797**	**293,177**

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of profit or loss

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	Note	2021	2020
Net revenue from sales of goods and services rendered	18	89,0640	100,258
Cost of goods sold and services rendered	19	(52,723)	(68,244)
Gross Profit		36,341	32,014
Operating income (expenses)			
General and administrative expenses	20	(34,855)	(33,208)
Other operational revenues	20	169	66
		(34,686)	(33,142)
Income before financial income and expenses		1,655	(1,128)
Financial Revenue	21	4,565	11,431
Financial Expense	21	(3,723)	(20,505)
		842	(9,074)
Income or (loss) before income tax and social contribution		2,497	(10,202)
Current income tax and social contribution	14	(1,179)	-
Net Income (loss) for the Year		1,318	(10,202)

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of comprehensive income

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	2021	2020
Net Income (loss) for the Year	1,318	(10,202)
Other comprehensive income	-	-
Total comprehensive income for the year	1,318	(10,202)

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of changes in equity

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	Quota capital	Losses accumulated	Total
Balances on January 1, 2020	180,812	(14,196)	166,616
Capital Increase	27,686	-	27,686
Loss for the year	-	(10,202)	(10,202)
Balances on December 31, 2020	208,498	(24,398)	184,100
Capital Increase	-	-	-
Net income for the year	-	1,318	1,318
Balances on December 31, 2021	208,498	(23,080)	185,418

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of cash flows

Years ended December 31, 2021 and 2020

(In thousands of Reais)

	2021	2020
Cash flows from operating activities		
Net Income (loss) for the Year	1,318	(10,202)
Income statement items that do not affect cash:		
Depreciation	7,397	6,808
Residual cost of permanent assets written off	-	88
Miscellaneous provisions	(13,016)	22,379
Provision for obsolescence	4,077	(481)
	(224)	18,592
Variations in:		
Accounts Receivable - third parties	(4,068)	2,437
Accounts receivable - related parties	(1,322)	6,950
Inventories	17,427	(24,447)
Income tax and social contribution recoverable	(85)	(43)
Other recoverable taxes	(1,593)	331
Advance payment to suppliers - third parties	(3,523)	(11,925)
Advances payment to suppliers - Related parties	656	(656)
Other Assets	(13)	(11)
Suppliers - third parties	(32,602)	27,120
Suppliers - Related Parties	26	(497)
Income tax and social contribution payable	406	36
Other taxes to collect	(1,793)	388
Social and labor obligations	2,056	(778)
Advance payment from customers - third parties	(2,263)	2,168
Advances from customers - Related parties	(2,545)	5,966
Other Liabilities	33	-
Cash generated from operating activities	(29,427)	25,631
Net cash (used in) provided by operating activities	(29,427)	25,631
Cash flows from investing activities		
Acquisitions of property, plant and equipment / intangible assets	(1,548)	(20,600)
Net cash used in investing activities	(1,548)	(20,600)
Cash flows from financing activities		
Capital Increase	-	27,686
Net cash provided by financing activities	-	27,686
Increase (decrease) in cash and cash equivalents	(30,975)	32,717
Statement of decrease (increase) in cash and cash equivalents		
At the beginning of the year	39,200	6,483
At the end of the year	8,225	39,200
	(30,975)	32,717

The explanatory notes are an integral part of the financial statements.

Notes to the financial statements

(In thousands of Reais, except when otherwise stated)

1 Operational context

MHWIRTH do Brasil Equipamentos Ltda. ("the Company") is a limited liability company, headquartered at Sérgio Roberto Franco Street, square 03, part, Boa Vista Farm, Imboassica Neighborhood, Macaé city, Rio de Janeiro state.

The company began operations on January 1, 2018 with the incorporation of the spun-off net equity of AK Operations related to the drilling assets of the MHWIRTH unit that has been installed in Brazil since 1997.

The sole partner MHWIRTH AS entered into a Joint Venture agreement between MHWIRTH AS and Subsea Drilling Systems (formerly Baker Hughes) on October 1, 2021.

The impact of this restructuring in Brazil came with the hiring of Subsea Drilling Systems employees who had been working dedicated to this business unit at Baker Hughes and the purchase of the parts inventory used in the operations and activities of this unit.

The Company's bylaws have not been changed and authorize the following activities:

(a) Purchase, sale, manufacture, import, export, engineering, consulting, management, installation, maintenance, technical assistance, training services, supervision, operation and leasing of equipment, machinery and accessories related to the oil and mining industries, directly or indirectly, including the offshore services.

Currently, the company's main activities are manufacturing and maintenance of equipment, machines, and accessories; technical assistance onshore and offshore; and resale of equipment and parts.

The company presented a net profit in 2021 of R$ 1,318 (loss of R$ 10,202 in 2020, basically resulting from an unfavorable decision in the lawsuit with Rio Verde, the result of which was below management's expectations).

Covid-19

On March 11, 2020, the World Health Organization (WHO) declared the Covid-19 outbreak a global pandemic and government authorities in several jurisdictions imposed lockdowns and pre-emptive restrictions to contain the virus, reducing operational activity in numerous industries.

Governments around the world have announced measures that provide both financial and non-financial assistance to disrupted economic sectors and affected business organizations. In Brazil, the Executive and Legislative branches have published several normative acts to, in addition to preventing and containing the pandemic, mitigate the impacts on the economy, such as postponing payments of taxes and fees.

While the final impact on the global economy and financial markets is still uncertain, some industries have been severely affected by the reduction in demand for services and goods.

The Company has not experienced business interruption and has limited the negative effects of Covid-19 on the Company's results in 2020 and 2021. The Company does not expect any material impact on its performance in the long term, as the global economy is expected to recover gradually in the coming years.

Since March 2020, Management has been implementing various measures and protocols to ensure (i) the health, safety and well-being of its employees, customers and partners, (ii) the continuity of all its operations and (iii) financial adequacy and resiliency of its business.

2 Preparation Basis

Declaration of conformity with the standards of the Accounting Pronouncements Committee - CPC

The Company's financial statements were prepared in accordance with the accounting practices adopted in Brazil, which include's the Corporate Legislation, the Pronouncements, Orientations, and Interpretations issued by the Accounting Pronouncements Committee (CPC) and the accounting standards issued by the Federal Accounting Council (CFC).

On May 18, 2022, the Company's Management authorized the completion of these financial statements.

All relevant information proper of the financial statements, and only them, are being evidenced, and correspond to those used by the Management in its management.

Measurement basis

The financial statements have been prepared on the historical cost basis.

Functional and reporting currency

These financial statements are presented in Brazilian Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise indicated.

Use of estimates and judgments

In preparing these financial statements, management has used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about uncertainties in assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 10 - Fixed assets (depreciation);
- Note 13 - Provisions;

3 Significant accounting praticies

The accounting policies described in detail below have been applied consistently to all years presented in these financial statements.

3.1 Foreign currency

Foreign currency transactions are translated into the Company's functional currency at the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and determined in foreign currencies at the balance sheet date are converted to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are converted to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency differences resulting from translation are generally recognized in the income statement. However, exchange differences resulting from the conversion of qualifying and effective cash flow hedges are recognized in other comprehensive incomes.

3.2 Financial instruments

3.2.1 Financial Assets

A financial asset is recognized when the entity becomes a party to the contractual arrangement of the instrument. On initial recognition, financial assets are measured at fair value plus or minus transaction costs that are directly referred to the price acquisition or issue of such assets, except for trade receivables that do not contain a significant financing component.

A financial liability is recognized when the entity becomes a party to the contractual arrangement of the instrument. At initial recognition, financial liabilities are measured at fair value plus or minus transaction costs that are directly referred to the price acquisition or issue of such liabilities, except for financial liabilities measured at fair value.

3.2.2 Classification and subsequent measurement of financial assets and liabilities

Financial assets are not reclassified subsequent to initial recognition unless the Company changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in business model.

The Company performs an assessment of the goal of the business model in which a financial asset is held in the portfolio for this best reflects the manner in which the business is managed and information is provided to Management.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are solely payments of original (interest-free amount) and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expired. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Financial assets or liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to recognize the asset and settle the liability simultaneously.

On December 31, 2021, the Company's non-derivative financial liabilities were represented by third-party and related party suppliers, taxes payable, social and labor obligations, provisions and customer advances payment. Financial assets are represented by cash and cash equivalents, accounts receivable from third-party and related party customers, taxes recoverable and advances payment to suppliers.

Financial assets are classified and measured based on the characteristics of the contractual cash flows and the business model for managing the asset, as follows::

- Amortized cost: financial asset (debt financial instrument) whose contractual cash flows result only from the payment of primary (interest-free amount) and interest on the primary on specific dates, and whose business model aims to hold the asset in order to receive its contractual cash flows.
- Fair value through profit or loss: all other financial assets. This category generally includes derivative financial instruments.
- Financial assets measured at fair value through other comprehensive incomes: Financial assets should be measured at fair value through other comprehensive incomes if the following two conditions are met; (a) the financial asset is held within a business model whose objective is achieved by both the receipt of contractual cash flows and the sale of financial assets; and (b) the contractual terms of the financial asset leads to, on specified dates, to cash flows comprising solely payments of primary (interest-free amount) and interest on the primary amount outstanding.

3.2.3 *Reduction to the recoverable value of financial assets (Impairment)*

The Company assesses the impairment of financial assets based on future expectations or expected credit losses on both individual and collective level, accounts receivable uses the term of more than 90 days past due. All individually significant assets are assessed for impairment. Assets that are not individually significant are collectively assessed for impairment based on a grouping of assets with similar risk characteristics. In assessing impairment, the Company uses historical trends of recovery time and incurred loss amounts, adjusted to reflect management's judgment as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in an allowance account. When the Company considers that there is no reasonable expectation of recovery, the amounts are written off. When a subsequent event indicates a reduction of the loss, the provision is reversed through profit or loss.

Management has evaluated its major financial instruments in accordance with IFRS 9 and has not identified indications of losses for the years ended December 31, 2021 and 2020.

3.3 Impairment of non-financial assets

The book values of the Company's non-financial assets are reviewed at each balance sheet date for indications of impairment. If there is such indication, then the recoverable value of the asset is estimated.

For impairment testing, assets are grouped into the smallest possible group of assets that generate cash inflows from their continuing use, inflows that are largely independent of the cash inflows from other assets, or CGUs.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the result.

Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

During 2014 and 2015, MHWirth built a new facility to support its operations in Brazil. On December 31, 2021, the net book value of the plant, machinery, equipment and tools is R$146,556 net of an impairment adjustment of R$98,948 million recorded in December 2016 (on December 31, 2020, the net book value of the plant was R$153,805 net).

The oil business has, in general and specifically in Brazil since 2016, experienced cycles of low investment in new drilling equipment and an evolving trend in the aftermarket and equipment maintenance business, but overall demand is still similar to recent years. A real estate market survey was conducted, which documents that current square meter prices in Macaé remain similar to the price assessed in 2016, many areas and buildings are still vacant, and market rates are very low. In addition, several of our competitors have significant operational spare capacity.

Based on the above, there is no indication that the asset may have been devalued or that the adjustment made previously can be reversed.

3.4 Income tax

The income tax and social contribution for the current year are calculated based on the rates of 15%, plus an additional 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income for social contribution on net profit, and consider the offset of tax losses and negative basis of social contribution, limited to 30% of taxable income for the year.

The income tax and social contribution expense comprises current income tax and social contribution on an annual basis. Deferred and current taxes are recognized in the result.

3.5 Provisions

Provisions are determined by discounting estimated future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the related liability. The effects of not discounting for the passage of time are recognized in profit or loss as a finance expense.

Warranties

A provision for warranty is recognized when the products or services to which they relate are sold, based on historical data and weighting of possible scenarios and their respective probabilities.

3.6 Sale of goods and services

The Company recognizes revenue in accordance with CPC 47 - Revenue from Contracts with Customers and HMH group accounting guidelines. In this sense, the effects arising from contracts with customers are only recorded when all the criteria established by the standard are met, including approval of the contract, identification of the rights of each party to the assets to be transferred, when the payment terms are identifiable and when it is observed that it is probable that the Company will receive the consideration to which it will be entitled in exchange for the assets to be transferred to the customer.

The Company recognizes revenue when or as the performance obligation is satisfied, i.e., when it transfers control of the promised service to the customer. The service is considered transferred when or to the extent that the customer obtains control of it.

In Brazil the main contracts and performance obligations are:

- Service contracts (equipment overhaul and repair, onshore and offshore engineering services, and training): Revenue is recognized over time as the services progress. The progress of the service is determined based on the incurred cost method. If services under a single contract occur in different periods, the consideration will be allocated based on their individual selling prices. The individual sales price is determined in the sales proposal for the service made to the customer.
- Resale of parts: Revenue is recognized at the moment the goods are transferred and/or delivered to the customer.
- Construction Contract (Riser Column Fabrication): Revenue is recognized over time based on the incurred cost or physical progress method when "the unit does not create an asset with an alternative use for the unit and the unit has an enforceable right to payment for performance completed to date;

3.7 Other Sources of Revenue

Other sources of revenue include rental income from part of a leased property, and amounts related to foreign exchange variation and income on financial investments.

3.8 Leases

CPC 06 (R2) / IFRS 16 introduced a single model for accounting for leases on the balance sheet of lessees. As a result, the Company, as a lessee, recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments, note 15. The lessor's accounting remains similar to previous accounting policies.

The Company adopts CPC 06 (R2) / IFRS 16 - Leases , and uses the simplified approach.

4 New standards and interpretations not yet effective

A number of new standards are effective for fiscal years beginning after January 1, 2021. The Company has not adopted these standards in preparing these financial statements.

(i) Onerous Contracts - costs to fulfill a contract (amendments to CPC 25 / IAS 37);

(ii) Reference interest rate reform - Phase 2 (amendments to CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS16);

(iii) Other standards;

The following new and amended standards are not expected to have a significant impact on the consolidated financial statements:

- COVID-19 related rental concessions (amendment to CPC 06/IFRS 16)
- Fixed Assets: Revenues before intended use (amendments to CPC 27/IAS 16).
- Reference to the Conceptual Framework (Amendments to CPC 15/IFRS 3).
- Classification of Liabilities in Current or Non-Current (Changes to CPC 26/IAS 1).
- IFRS 17 Insurance Contracts.

5 Cash and cash equivalents

The balance of the "cash and cash equivalents" account includes bank deposits and short-term investments. As recorded in the cash flow statement, this balance can be reconciled to the respective items in the balance sheets, as shown below:

	2021	2020
Current account	3	1
Marketable securities (a)	8,222	39,199
	8,225	**39,200**

(a) The marketable securities in 2021 and 2020 are represented by an investment fund of Banco Itaú S/A, generating an average profitability of 5.10% in 2021 (2.42% in 2020). This fund has immediate liquidity with insignificant risk of change in value.

6 Accounts receivable

	2021	2020
Domestic accounts receivable	10,006	15,510
Foreign Accounts Receivable	9,811	239
	19,817	**15,749**

The aging list for due dates of receivables:

	2021	2020
Due	15,527	8,570
Over due less than 30 days	4,290	7,081
Over due from 31 to 60 days	-	98

	19,817	**15,749**

Management has not identified any events or changes in circumstances that would indicate a risk in the recoverability of accounts receivable on December 31, 2021 and 2020.

7 Inventories

The inventories are segregated as follows:

	2021	**2020**
Raw materials and consumables	1,225	587
Products for Resale	13,486	10,387
Project Stock - Awilco I	-	19,017
Project Stock - Awilco II (a)	5,476	7,623
	20,187	**37,614**
Provision for obsolescence (products for resale and raw materials)	(8,146)	(4,069)
	12,041	**33,545**

(a) Custom production of the Awilco II Project regarding the fabrication of 1 Riser column with 28 joints, which has the following main details:

(i) The project started in Q3 2020 and much of the components/raw materials were procured in 2020 and 2021.
(ii) Project progress on December 31, 2021: 44% (25% December 31, 2020).
(iii) The delivery date is September 2022.

8 Income tax, social contribution and other taxes

The classification between current and non-current was based on the expected use of the credits, according to the specific regulation of each tax.

(i) Recoverable income tax and social contribution

	2021	**2020**
IRRF - Income Tax Recoverable	78	74
CSLL - Social Contribution Recoverable	388	307
	466	**381**
Current	466	381
Non-current	-	-

(ii) Other recoverable taxes

	2021	**2020**
PIS – Social Integration Program	98	140
COFINS – Contribution for the Financing of Social Security	451	647
ICMS –Tax on Circulation of Goods and Services	1,872	41
IPI –Tax on Industrialized Products	2	2
	2,423	**830**
Current	2,272	685

Non-current	151	145

(iii) Income tax and social contribution payable

	2021	2020
IR – Withholding income tax	40	80
IRPJ – Income tax on profit	446	-
	486	**80**
Current	486	80
Non-current	-	-

(iv) Other taxes payable

	2021	2020
PIS – Social Integration Program	4	235
COFINS – Contribution for the Financing of Social Security	21	1,083
ICMS –Tax on Circulation of Goods and Services	78	359
IPI –Tax on Industrialized Products	55	530
ISS – Tax on Service	395	108
CIDE – Contributions for Intervention in the Economic Domain	24	48
CSRF – Social Contributions withheld at source	17	24
	594	**2,387**
Current	594	2,387
Non-current	-	-

9 Advance payment to suppliers

	2021	2020
DRU 3 Project – WBS 104574 (a)	48,391	45,063
Awilco II Project 100824 (b)	2,976	2,969
Other	271	83
	51,638	**48,115**
Current	51,638	45,146
Non-current	-	2,969

(a) Manufacturing project of 1 Riser column - DRU Project 3, with the following details:

(i) Supplier: Matrix Composites & Engineering Ltd
(ii) Customer: MHWIRTH AS (Norway)
(iii) Situation with the customer: This project is temporarily suspended and MHWIRTH AS is negotiating with the final customer about the amounts to be received regarding the expenses incurred and will reimburse MHWIRTH in Brazil.

(b) Manufacturing project of 1 Riser column with 28 joints - Awilco II project, with the following details:

(i) Supplier: Matrix Composites & Engineering Ltd
(ii) Customer: MHWIRTH AS (Norway)
(iii) Main steps: engineering, manufacture of components by suppliers, receipt of components / raw material, welding, assembly, inspection, documentation and delivery.

1(Property, plant and equipment

Property, plant and equipment	Building and construction	Land and real estate	Facilities and Improvements	Industrial Machinery and Equipment	Assets in Progress	Vehicles	Furniture and utensils	Leasehold Improvements	Tools	Computers	Total
Balance on December 31, 2019	**181,256**	**54,538**	**4,585**	**27,397**	**2,965**	**113**	**3,609**	**16**	**2,318**	**2,766**	**279,563**
Additions	-	-	-		19,200	-	-	-	-	-	19,200
Transfer from asset under construction to definite	20,012	-	-	476	(21,509)	-	6	-	280	735	-
Lows	-	-	-	(158)	-	-	(2)	-	-	-	(160)
Balance on December 31, 2020	**201,268**	**54,538**	**4,585**	**27,715**	**655**	**113**	**3,613**	**16**	**2,598**	**3,501**	**298,603**
Additions	-	-	-		1,547	-	-	-	-	-	1,547
Transfer from asset under construction to definite	9	-	-	1,868	(2,080)	-	9	-	194	-	-
Lows	-	-	-	-	-	-	-	-	-	-	-
Balance on December 31, 2021	**201,278**	**54,538**	**4,585**	**29,583**	**122**	**113**	**3,622**	**16**	**2,792**	**3,501**	**300,151**

Accumulated depreciation	Building and construction	Land and real estate	Facilities and Improvements	Industrial Machinery and Equipment	Assets in Progress	Vehicles	Furniture and utensils	Leasehold Improvements	Tools	Computers	Total
Balance on December 31, 2019	**(87,636)**	**(22,059)**	**(2,879)**	**(20,179)**	**-**	**(113)**	**(1,986)**	**(4)**	**(2,093)**	**(2,514)**	**(139,464)**
Additions	(4,555)	-	(232)	(1,160)	-	-	(352)	-	(217)	(290)	(6,806)
Lows	-	-	-	72	-	-	-	-	-	-	72
Balance on December 31, 2020	**(92,191)**	**(22,059)**	**(3,111)**	**(21,267)**	**-**	**(113)**	**(2,338)**	**(4)**	**(2,310)**	**(2,804)**	**(146,198)**
Additions	(5,416)	-	(233)	(1,153)	-	-	(307)	(2)	(104)	(183)	(7,397)
Lows	-	-	-	-	-	-	-	-	-	-	-
Balance on December 31, 2021	**(97,607)**	**(22,059)**	**(3,344)**	**(22,420)**	**-**	**(113)**	**(2,646)**	**(6)**	**(2,414)**	**(2,987)**	**(153,595)**
Net balance on December 31, 2020	**109,077**	**32,479**	**1,474**	**6,448**	**655**	**-**	**1,275**	**11**	**288**	**697**	**152,405**
Net balance on December 31, 2021	**103,671**	**32,479**	**1,241**	**7,163**	**122**	**-**	**977**	**10**	**378**	**514**	**146,556**

Property, plant and equipment supports all operations in Brazil, such as product delivery (manufacture of drilling risers and drilling equipment), drilling services (overhaul, maintenance, onshore support, spare parts and training), and global projects (support for delivery of drilling packages in Brazil).

Impairment Indications

In accordance with CPC 01, management has reviewed a list of external and internal impairment indicators, highlighting, among the main ones, the following:

- Significant reduction in the market value of the asset;
- Obsolete technology;
- Net book value > market value; and
- Reduced potential for sale/cash generation in the near future;

Based on the above assessment of indicators the long-term strategy and business plan for the asset remain unchanged, given that the Macaé plant remains the main facility for the manufacture of Risers. The Company also leases part of its facilities in Macaé to CSE/Aker Solutions and AK Operations.

The book value of land, buildings, facilities, industrial machinery and equipment were previously "impaired - impairment adjustment" in the amount of R$98,948 due to the write-off of the oil business during the period 2015 -2018.

The market value assessment from the external consultant CBRE performed in June 2020 showed an estimate of R$176,900 . There are many uncertainties about the cyclical market, the price of oil and the real estate market and due to the pandemic (COVID-19) we made an evaluation in December 2021 of the sale price of the real estate market of Macaé and this evaluation presented an estimate of R$ 153,439. Considering the commercialization factor (discount) of 5%, the sale price is between R$ 145,767 and R$153,439.

The figures below represent the value of the asset, the impairment value, and the current values on December 2021:

	2021	2020
Balance of fixed assets without impairment adjustment	245,504	252,753
Accumulated reduction to the recoverable value of assets	(98,948)	(98,948)
Book value of fixed assets as at December 31, 2021	**146,556**	**153,805**

Based on the above, there is no indication that the Asset may have suffered devaluation or that the Impairment adjustment can be reversed.

11 Suppliers

	2021	2020
Domestic accounts receivable	1,480	33,715
Foreign Accounts Receivable	243	610
	1,723	**34,235**
Current	1,723	34,325
Non-current	-	-
	1,723	**34,325**

12 Social and labor obligations

	2021	2020
IRRF –Withholding income tax on payroll	539	329
INSS - National Institute of Social Security on payroll	551	423
FGTS - Guarantee Fund for Time of Service on payroll	202	107
Benefits payable	96	69
Bonus	601	-
Provision for vacation pay and charges	3,141	2,146
	5,130	**3,074**
Current	5,130	3,074
Non-current	-	-

13 Provisions

	2021	2020
Provision for guarantee	1,877	1,861
Provision for project cost (a)	27,187	40,326
Other provisions	3,201	3,096
	32,265	**45,283**

(a) Provision of cost under the recognition over time method for the projects: Awilco I in the total amount of R$ 0 (R$ 15,231 in 2020), Awilco II in the total amount of R$ 4,562 (R$ 5,792 in 2020) and DRU 3 in the total amount of R$ 22,625 (R$ 19,303 in 2020).

Description of the Provision	Provision for guarantee	Provision of project costs	Other provisions	TOTAL
Balance on December 31, 2019	**1,861**	**16,049**	**4,993**	**22,903**
Provisions recorded during the year	-	26,275	41,056	67,331
Provisions used during the year	-	-	(41,819)	(41,819)
Initial Provisions Adjustment	-	(1,998)	(1,134)	(3,132)
Balance on December 31, 2020	**1,861**	**40,326**	**3,096**	**45,283**

Provisions recorded during the year	15	3,322	11,164	14,501
Provisions used during the year	-	(15,230)	(8,911)	(24,141)
Initial Provisions Adjustment	-	(1,230)	(2,148)	(3,378)
Balance on December 31, 2021	**1,876**	**27,188**	**3,201**	**32,265**

Provision for guarantees

The provision for guarantees relates primarily to guarantees for projects closed in fiscal 2016, 2017, 2018 and 2019. The provision is based on estimates of historical data for guarantees associated with similar products and services. The Company expects to settle these liabilities in 2023 and 2024.

Provision of project costs

The provision for projects refers primarily to cost recognition under the physical progress method for construction contracts. The provision is based on estimates of the final outcome of the projects. The Company expects to settle these liabilities in 2022.

Other provisions

Other provisions refer to: contracting services and materials not finalized in 2021 related to the support departments: base maintenance, IT (information technology), legal, finance, among others. The Company expects to settle these liabilities in the first quarter of 2022.

Provision for contingencies

The Company is a defendant in labor lawsuits. Although no liability has been recognized for an outflow of funds is not probable, management estimates that there is a possibility of possible loss, the amount of which totals R$ 450 on December 31, 2021 (R$ 150 in 2020).

14 Income tax

On December 31, 2021 and 2020, the company has accumulated tax losses and negative social contribution base, as shown below:

	2021	2020
Accumulated tax loss carryforward	31,732	33,221
Negative basis of social contribution	31,732	33,221

The income tax and social contribution amounts that affected the result of the fiscal year are demonstrated as follows:

	2021	2020
Net income (loss) before income tax and social contribution	2,497	(10,202)
Non-deductible expenses::		
* Transfer pricing adjustment	1,041	3,008
* Tax character	329	165
* Fines	61	27
*Other	4	1
* Net temporary (reversal) differences	1,028	(6,152)
Income tax and social contribution calculation basis	**4,960**	**(13,153)**
Offsetting tax loss carryforwards - 30%.	**(1,488)**	-

Actual Net Profit	**3,472**	**(13,153)**
Income tax and social contribution expense (income)	**1,179**	-
Effective rate	**47%**	-

Composition of income and/or expense (-) for income tax and social contribution

	2021	**2020**
* Current income tax and social contribution expense on assessment	(1,179)	-
* Income or expense from deferred income tax and social contribution on compensated loss	(506)	4,472
* Deferred income tax and social contribution revenue or expense on net temporary differences	350	(2,092)
* Revenue from reversal of the recoverable value adjustment or expense from the adjustment of the recoverable value of deferred income tax and social contribution on the loss (tax loss)	506	(4,472)
* Revenue from reversal of the recoverable value adjustment or expense from the adjustment of the recoverable value of deferred income tax and social contribution on temporary differences (tax loss)	(350)	2,092
Income tax and social contribution expense for the year	**(1,179)**	-

The balances of deferred income tax and social contribution assets are as follows:

	2021	**2020**
* Deferred tax losses (income tax) and negative social contribution base	10,782	11,295
* Reduction to deferred recoverable value on tax losses (income tax) and on negative basis of social contribution	(10,782)	(11,295)
* Deferred on temporary differences net of income tax and social contribution	31,225	(30,851)
* Decrease to deferred recoverable value on temporary differences net of income tax and social contribution	(31,225)	(30,851)
	-	-

15 Equity

Quota capital

On December 31, 2021 and 2020, the subscribed and paid-in capital is R$208,498, corresponding to 208,497,585 quotas, respectively, with 100% of the quotas belonging to MHWIRTH AS.

Dividends/legal reserve

The company has accumulated losses and so there is no distribution of dividends or constitution of a legal reserve.

16 Financial instruments

Capital risk management

The Company manages capital to ensure that it continues its normal activities, while maximizing the return to all stakeholders or parties involved in its operations, through the optimization of debt and equity balances.

The Company's capital structure is made up of net indebtedness, less cash and bank balances, and the Company's equity (which includes issued capital and reserves), as presented in the statement of changes in equity.

The Company is not subject to any external capital requirements.
Management constantly reviews its capital structure. As part of this review, Management considers the cost of capital and the risks associated with each class of capital.

(a) Cash and cash equivalents according to Note 5.

(b) Equity includes all capital and reserves of the Company, managed as capital.

Categories of financial instruments

	Category	Amortized cost 2021	Fair Value 2021	Amortized cost 2020	Fair Value 2020
Assets					
Cash and cash equivalents	Fair value through result	8,225	8,225	39,200	39,200
Accounts receivable - third parties	Amortized cost	19,817	19,817	15,749	15,749
Accounts receivable - intercompany	Amortized cost	1,876	1,876	554	554
Liabilities					
Suppliers - third parties	Amortized cost	1,723	1,723	34,325	34,325
Suppliers - intercompany	Amortized cost	1,060	1,060	1,034	1,034

- Cash and cash equivalents: book values identical to the fair value due to remuneration rates based on the variation of the Interbank Deposit Certificate (CDI).
- Accounts receivable and suppliers: arise directly from the Company's operations, and are measured at amortized cost and recorded at their original value, less the provision for losses and adjustment to present value, when applicable.

The estimated realizable values of the Company's financial assets and liabilities were determined using information available in the market and appropriate valuation methodologies. Judgments were required in interpreting market data to produce the most adequate estimates of realizable values. As consequence, the estimates do not necessarily indicate the amounts that may be recognized in the current exchange market. The use of different market methodologies may have a material effect on the estimated recognizable values.

Objectives of financial risk management

The Company's corporate treasury department coordinates access to domestic and foreign financial markets, and monitors and manages financial risks related to the Company's operations through internal risk reports that analyze exposures by risk grade and materiality. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

(i) Market risk

Market risk is the risk that changes in market prices - such as exchange rates and interest rates - will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters while optimizing returns. The Company uses derivatives to manage market risks. Exposures to market risk are measured on an ongoing basis and are monitored by the Company's management.

Exchange Rate Risk

The Company is exposed to foreign exchange risk arising from differences between the currencies in which some sales and purchases are denominated and the entity's respective functional currencies. The Company's functional currency is the Brazilian Real (R$). The currencies in which some of the Company's transactions occur are denominated in: US Dollar (USD), Euro (€) and Norwegian Krone (NOK).

The risk management policy is to hedge the amounts of its expected foreign currency exposure above USD 50 thousand with respect to sales and purchases. The company uses futures contracts to hedge its foreign exchange risk, most with maturities of less than one year from the balance sheet date.

A summary of the Company's currency risk exposure and sensitivity analysis is presented below:

	Value Basis	Quotation 12/31/2021	Scenario I	Scenario II
Assets - Accounts Receivable				
Dólar (USD)	5,153	5.5805	3,607	2,577
Liabilities - Suppliers				
Euros (EUR)	(78)	6.3238	(55)	(39)
Dólar USD)	(36)	5.5805	(25)	(18)
Norwegian Kroner (NOK)	(1,174)	0.6337	(822)	(587)
TOTAL (Liabilities)	**(1,288)**		**(902)**	**(644)**
Net balance sheet exposure	**3,865**		**2,705**	**1,933**

- (Scenario I): Considers a 30% reduction in the base currency exchange rate against the Real
- (Scenario I): Considers a 30% reduction in the base currency exchange rate against the Real

(ii) Credit risk management

Credit risk refers to the risk that a counterparty will default on contractual obligations, causing the Company to incur financial losses. The Company has adopted a policy of only dealing with counterparties that have creditworthiness and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss due to default. The Company uses publicly available financial information and its own records to assess its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of completed transactions is divided among the approved counterparties. Credit exposure is controlled by counterparty limits, which are reviewed and approved by Management.
Regarding financial investments and other investments, the Company has the policy of working with traditional institutions avoiding the concentration of these investments in a single economic group. During 2021, the company maintained low-risk investments in the Bradesco and Itaú banks.

The maturity terms for accounts receivable (third parties and related parties) are as follows:

	2021	2020
Due	17,402	9,086
Over due less than 30 days	4,290	7,126
Over due from 31 to 60 days	-	91
	21,692	**16,303**
Third Party	19,817	15,749
Related Parties	1,875	554
	21,692	**16,303**

Additionally, the Company does not hold any credit guarantees to cover its credit risks associated with its financial assets.

(iii) Liquidity risk management

Liquidity risk is that the Company will encounter difficulty meeting the obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, both under normal and stress conditions, without causing unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, bank credit lines and borrowing facilities it deems appropriate, through continuous monitoring of expected and actual cash flows, and by combining the maturity profiles of financial assets and liabilities. The following are the contractual maturities of financial liabilities at the financial statement date. These amounts are gross and undiscounted, and include contractual interest payments incurred through the end of the year and exclude the impact of netting arrangements:

Projected future cash flows for financial liabilities	Up to 12 months	From 1 to 2 years	From 2 to 3 years	Total
Suppliers - Third-party	1,723	-	-	1,723
Suppliers - related party	1,060	-	-	1,060
	2,783			**2,783**

17 Related party

17.1 Assets

	2021	2020
MHWirth AS	1,739	292
HMH Holding B.V.	136	-
C.S.E – Mecanica e Instrumentação	-	211
Ak Operações do Brasil Ltda.	-	51
Accounts receivable	**1,875**	**554**
MHWirth AS	-	211
MHWirth Gmbh	-	21

Advance payment to suppliers - related party	-	**232**

17.2 Liabilities

	2021	2020
MHWirth AS	983	1,018
MHWirth Gmbh	77	16
Suppliers	**1,060**	**1,034**
MHWirth AS	18,087	16,954
Advance payment from customer - current liabilities	**18,087**	**16,954**
MHWirth AS	-	3,678
Advance payment from customer – non-current liabilities	-	**3,678**

17.3 Sales of services and goods

	2021	2020
MHWirth AS	5,246	2,041
MHWirth Gmbh	617	-
MHWirth LLC	319	26
MHH Holding B.V.	131	-
Revenue from sale of services	**6,313**	**2,155**
MHWirth AS	-	77
MHWirth (Singapore) Pte. Ltd.	-	54
MHWirth LLC	1	7
Revenue from sale of parts	**1**	**138**
MHWirth AS	10,078	30,559
Project Revenue	**10,078**	**30,559**
	16,392	**32,852**

17.4 Management Remuneration

	2021	2020
Remuneration	700	887

Includes fixed remuneration (salaries, bonus, vacation, 13th salary) and social charges (social security contributions - INSS, FGTS and among others). Total short-term benefits paid to Management in 2021 were R$ 1,208 (R$ 1,446 in 2020).

18 Net operating revenue

The breakdown of net operating revenue presented in the income statement is as follows:

	2021	2020
Gross revenue		
Service revenue (a)	56,961	39,532
Product Sales Revenue (b)	38,966	49,393
Project Revenue (c)	10,079	30,559
	106,006	**119,484**
(-) Deductions		
(-) Sales Taxes (d)	(16,361)	(17,451)
(-) Returns, deductions and rebates	(581)	(1,775)
	(16,942)	**(19,226)**
Net revenue	**89,064**	**100,258**

(a) Revenues from maintenance, repair and overhaul services of third-party equipment; and technical assistance.

(b) Revenues related to sales of equipment, parts and among others.

(c) Revenue related to Awilco I and II projects (recognized under the physical progress method for construction contract - manufacture of 28 Riser joints per project)

(d) Sales taxes refer to: ICMS R$ 7,446 (R$ 9,509 in 2020), ISS R$ 2,087 (R$ 1,635 in 2020) and PIS/COFINS R$ 6,828 (R$ 6,307 in 2020).

19 Cost of goods sold and services rendered

	2021	2020
Costs of services rendered		
Salaries and charges	(14,357)	(11,178)
Suppliers Subcontracting	(1,150)	(6,072)
Inputs and materials for operational use	(5,212)	(3,732)
	(20,719)	**(20,982)**
Cost of Goods Sold		
Sold equipment and parts	**(21,069)**	**(18,419)**
Project Costs		
Salaries and charges	(518)	(1,511)
Inputs and materials for operational use	(10,417)	(27,332)
	(10,935)	**(28,843)**
Total Costs	**(52,723)**	**(68,244)**

20 General and administrative expenses, and other operating income

	2021	2020
Consulting, auditing, legal, third-party and other services	(1,919)	(3,314)
Salaries, vacation and charges	(14,153)	(11,777)
Real Estate Rental	(21)	(30)
IT costs (consulting, services and parts & accessories)	(5,489)	(4,323)
Renting and leasing of machinery and equipment	(255)	(256)

Maintenance	(697)	(675)
Travel and Accommodation	(789)	(344)
Insurance	(544)	(299)
Cleaning and property security	(1,037)	(1,271)
Energy Expenses	(1,075)	(1,232)
Depreciation	(7,397)	(6,808)
Other general and administrative expenses	(1,479)	(2,879)
	(34,855)	**(33,208)**

21 Financial Result

	2021	**2020**
Financial Revenues		
Exchange variation gain	3,655	11,139
Financial investment income	745	246
Other financial income	165	46
	4,565	**11,431**

	2021	**2020**
Financial Expenses		
Exchange variation expense	(2,372)	(7,435)
Interest expenses related to court decision - process with Rio verde	-	(10,620)
Other financial expenses	(1,351)	(2,450)
	(3,723)	**(20,505)**
Financial Result	**842**	**(9,074)**

* * *

Vinícius Mariano Soares
Accountant
CRC RJ-120996/O-2

Trond Hugo Fiskum
President Director

MHWIRTH do Brasil Equipamentos Ltda.

Financial Statements
As at December 31, 2020

(A free translation from the original report issued in Portuguese)

Content

KPMG Auditores Independentes Ltda.
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Independent auditors' report on the Financial Statements

(A free translation from the original report issued in Portuguese)

To the Directors and Quotaholders of

MHWIRTH do Brasil Equipamentos Ltda.

Macaé – RJ

Opinion

We have audited the financial statements of MHWIRTH do Brasil Equipamentos Ltda. ("the Company"), which comprise the statement of financial position as at December 31, 2020, the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with the Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the relevant Ethics Code of Professional for Accountants and the standards issued by the Federal Accounting Counsel (CFC), 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 Brazilian and international standards on auditing 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.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, June 22, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

ORIGINAL REPORT IN PORTUGUESE SIGNED BY
Bernardo Moreira Peixoto Neto
Accountant CRC RJ-064887/0-8

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Balance Sheets on December 31, 2020 and 2019

(In thousands of Reals)

Asset	Note	2020	2019
Current			
Cash and cash equivalents	5	39,200	6,483
Accounts receivable - third parties	6	15,749	18,186
Accounts receivable - related parties	16	554	7,504
Inventories	7	33,545	8,618
Income tax and social contribution recoverable	8	381	338
Other recoverable taxes	8	685	1,161
Advance payment to suppliers - third parties	9	45,146	700
Advances payment to suppliers - Related parties	16	656	-
Other Assets	-	342	331
		136,258	43,321
Non-current asset			
Advances to suppliers - third parties	9	2,969	35,490
Other recoverable taxes	8	145	-
		3,114	35,490
Property, plant and equipment	10	153,805	140,100
Total Asset		293,177	218,911

Liabilities	Note	2020	2019
Current			
Suppliers - third parties	11	34,325	7,205
Suppliers - Related Parties	16	1,034	1,531
Income tax and social contribution payable	8	80	44
Other taxes to collect	8	2,387	1,999
Social and labor obligations	12	3,074	3,852
Provisions	13	37,629	11,842
Advance payment from customers - third parties		2,263	95
Advances from customers - Related parties	16	16,954	-
		97,746	26,568
Non-current asset			
Advances from customers - Related parties	16	3,678	14,666
Provisions	13	7,653	11,061
		11,331	25,727
Equity			
Quota capital	14	208,498	180,812
Accumulated losses	14	(24,398)	(14,196)
		184,100	166,616
Total liabilities and equity		293,177	218,911

The explanatory notes are an integral part of the financial statements.

Diretor-Presidente
Trond Hugo Fiskum

Contador
Vinicius Mariano Soares
CRC RJ-120996/O-2

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of profit or loss

Years ended December 31, 2020 and 2019

(In thousands of Reais)

	Note	2020	2019
Net revenue from sales of goods and services rendered	17	100,258	71,772
Cost of goods sold and services rendered	18	(68,244)	(40,147)
Gross Profit		32,014	31,625
Operating income (expenses)			
General and administrative expenses	19	(33,208)	(33,413)
Other operational revenues	19	66	4,166
		(33,142)	(29,247)
Income before financial income and expenses		(1,128)	2,378
Financial Revenue	20	11,431	1,015
Financial Expense	20	(20,505)	(169)
		(9,074)	846
Income or (loss) before income tax and social contribution		(10,202)	3,224
Net income (loss) for the Year		(10,202)	3,224

The explanatory notes are an integral part of the financial statements.

Diretor-Presidente
Trond Hugo Fiskum

Contador
Vinícius Mariano Soares
CRC RJ-120996/O-2

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of comprehensive income

Years ended December 31, 2020 and 2019

(In thousands of Reais)

	2020	2019
Net income (loss) for the year	(10,202)	3,224
Other comprehensive income	-	-
Total comprehensive income for the year	(10,202)	3,224

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of changes in equity

Years ended December 31, 2020 and 2019

(In thousands of Reais)

	Quota capital	Accumulated losses	Total
Balances on January 1, 2019	180,812	(17,420)	163,392
Net income for the year	-	3,224	3,224
Balances on December 31, 2019	180,812	(14,196)	166,616
Capital Increase	27,686	-	27,686
Loss for the year	-	(10,202)	(10,202)
Balances on December 31, 2020	208,498	(24,398)	184,100

The explanatory notes are an integral part of the financial statements.

MHWIRTH DO BRASIL EQUIPAMENTOS LTDA.

Statements of cash flows

Years ended December 31, 2020 and 2019

(In thousands of Reais)

	2020	2019
Cash flows from operating activities		
Net income (loss) for the year	(10,202)	3,224
Income statement items that do not affect cash:		
Depreciation	6,808	6,812
Residual cost of permanent assets written off	88	192
Miscellaneous provisions	22,379	2,635
Provision for obsolescence	(481)	(36)
	18,592	12,827
Variations in:		
Accounts Receivable - third parties	2,437	(8,291)
Accounts receivable - related parties	6,950	(3,782)
Inventories	(24,447)	(2,704)
Income tax and social contribution recoverable	(43)	-
Other recoverable taxes	331	(597)
Advance payment to suppliers - third parties	(11,925)	(2,192)
Advances payment to suppliers - Related parties	(656)	-
Other Assets	(11)	1,627
Suppliers - third parties	27,120	2,633
Suppliers - Related Parties	(497)	(638)
Income tax and social contribution payable	36	-
Other taxes to collect	388	1,289
Social and labor obligations	(778)	1,582
Advance payment from customers - third parties	2,168	(9)
Advances from customers - Related parties	5,966	535
Cash generated from operating activities	25,631	2,280
Net cash provided by operating activities	25,631	2,280
Cash flows from investing activities		
Acquisitions of fixed assets / intangible assets	(20,600)	(3,145)
Net cash used in investing activities	(20,600)	(3,145)
Cash flows from financing activities		
Capital Increase	27,686	-
Net cash provided by financing activities	27,686	-
Increase or (decrease) in cash and cash equivalents	32,717	(865)
Statement of increase (decrease) in cash and cash equivalents		
At the beginning of the year	6,483	7,348
At the end of the year	39,200	6,483
	32,717	(865)

The explanatory notes are an integral part of the financial statements.

Notes to the financial statements

(In thousands of Reais, except when otherwise stated)

1 Operational context

MHWIRTH do Brasil Equipamentos Ltda. ("the Company") is a limited liability company, headquartered at Sérgio Roberto Franco Street, square 03, part, Boa Vista Farm, Imboassica Neighborhood, Macaé city, Rio de Janeiro state.

The company began operations on January 1, 2018 with the incorporation of the spun-off net equity of AK Operations related to the drilling assets of the MHWIRTH unit that has been installed in Brazil since 1997.

The Company's bylaws have not been changed and authorize the following activities:

(a) Purchase, sale, manufacture, import, export, engineering, consulting, management, installation, maintenance, technical assistance, training services, supervision, operation and leasing of equipment, machinery and accessories related to the oil and mining industries, directly or indirectly, including the offshore services.

Currently, the company's main activities are manufacturing and maintenance of equipment, machines, and accessories; technical assistance onshore and offshore; and resale of equipment and parts.

The Company presented a negative net result in 2020 of R$10,202 (loss of R$3,224 in 2019), basically stemming from an unfavorable decision in the lawsuit with Rio Verde, the result of which was below Management's expectations.

COVID-19

On March 11, 2020, the World Health Organization (WHO) declared the Covid-19 outbreak a global pandemic and government authorities in several jurisdictions imposed lockdowns and pre-emptive restrictions to contain the virus, reducing operational activity in numerous industries.

Governments around the world have announced measures that provide both financial and non-financial assistance to disrupted economic sectors and affected business organizations. In Brazil, the Executive and Legislative branches have published several normative acts to, in addition to preventing and containing the pandemic, mitigate the impacts on the economy, such as postponing payments of taxes and fees.

While the final impact on the global economy and financial markets is still uncertain, some industries have been severely affected by the reduction in demand for services and goods.

The Company has not experienced business interruption and has limited the negative effects of Covid-19 on the Company's result in 2020. The Company does not expect any material impact on its performance in the long term, as the global economy is expected to recover gradually in the coming years.

Since March 2020, Management has been implementing various measures and protocols to ensure (i) the health, safety and well-being of its employees, customers and partners, (ii) the continuity of all its operations and (iii) financial adequacy and resiliency of its business, as shown below:

- Remote work routine for the administrative team;
- Extensive travel restrictions and limiting domestic travel to business-critical movements;
- Non-essential internal events cancelled or postponed;
- In-person meetings are avoided and must be conducted remotely;
- Non-business-critical third-party visits to company operations and facilities are prohibited;
- Reinforced hygiene measures and mandatory use of masks;
- Mandatory quarantine period until full recovery in case of employee contamination or direct contact with infected people;
- Stricter measures for employees in offshore activities (monitoring, isolation, and pre-shipment covid tests);
- Other containment measures according to the protocol established by the Brazilian Ministry of Health.

2 Preparation Basis

Declaration of conformity with the standards of the Accounting Pronouncements Committee - CPC

The Company's financial statements were prepared in accordance with the accounting practices adopted in Brazil, which include's the Corporate Legislation, the Pronouncements, Orientations, and Interpretations issued by the Accounting Pronouncements Committee (CPC) and the accounting standards issued by the Federal Accounting Council (CFC).

On June 22, 2021, the Company's management authorized the completion of these financial statements.

All relevant information proper of the financial statements, and only them, are being evidenced, and correspond to those used by the Management in its management.

Measurement basis

The financial statements have been prepared on the historical cost basis.

Functional and reporting currency

These financial statements are presented in Brazilian Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise indicated.

Use of estimates and judgments

In preparing these financial statements, management has used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about uncertainties in assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 10 - Fixed assets (depreciation);
- Note 13 - Provisions;

3 Significant accounting practicies

The accounting policies described in detail below have been applied consistently to all years presented in these financial statements.

3.1 Foreign currency

Foreign currency transactions are translated into the Company's functional currency at the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and determined in foreign currencies at the balance sheet date are converted to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are converted to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency differences resulting from translation are generally recognized in the income statement. However, exchange differences resulting from the conversion of qualifying and effective cash flow hedges are recognized in other comprehensive incomes.

3.2 Financial instruments

3.2.1 Financial Assets

A financial asset is recognized when the entity becomes a party to the contractual arrangement of the instrument. On initial recognition, financial assets are measured at fair value plus or minus transaction costs that are directly referred to the price acquisition or issue of such assets, except for trade receivables that do not contain a significant financing component.

A financial liability is recognized when the entity becomes a party to the contractual arrangement of the instrument. At initial recognition, financial liabilities are measured at fair value plus or minus transaction costs that are directly referred to the price acquisition or issue of such liabilities, except for financial liabilities measured at fair value.

3.2.2 Classification and subsequent measurement of financial assets and liabilities

Financial assets are not reclassified subsequent to initial recognition unless the Company changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in business model.

The Company performs an assessment of the goal of the business model in which a financial asset is held in the portfolio for this best reflects the manner in which the business is managed and information is provided to Management.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are solely payments of original (interest-free amount) and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expired. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Financial assets or liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to recognize the asset and settle the liability simultaneously.

On December 31, 2020, the Company's non-derivative financial liabilities were represented by third-party and related party suppliers, taxes payable, social and labor obligations, provisions and customer advances payment. Financial assets are represented by cash and cash equivalents, accounts receivable from third-party and related party customers, taxes recoverable and advances payment to suppliers.

Financial assets are classified and measured based on the characteristics of the contractual cash flows and the business model for managing the asset, as follows::

- Amortized cost: financial asset (debt financial instrument) whose contractual cash flows result only from the payment of primary (interest-free amount) and interest on the primary on specific dates, and whose business model aims to hold the asset in order to receive its contractual cash flows.
- Fair value through profit or loss: all other financial assets. This category generally includes derivative financial instruments.
- Financial assets measured at fair value through other comprehensive incomes: Financial assets should be measured at fair value through other comprehensive incomes if the following two conditions are met; (a) the financial asset is held within a business model whose objective is achieved by both the receipt of contractual cash flows and the sale of financial assets; and (b) the contractual terms of the financial asset leads to, on specified dates, to cash flows comprising solely payments of primary (interest-free amount) and interest on the primary amount outstanding.

3.3 Income tax

The income tax and social contribution for the current year are calculated based on the rates of 15%, plus an additional 10% on taxable income exceeding R$ 240 for income tax and 9% on taxable income for social contribution on net profit, and consider the offset of tax losses and negative basis of social contribution, limited to 30% of taxable income for the year.

The income tax and social contribution expense comprises current income tax and social contribution on an annual basis. Deferred and current taxes are recognized in the result.

3.4 Impairment of non-financial assets

The book values of the Company's non-financial assets are reviewed at each balance sheet date for indications of impairment. If there is such indication, then the recoverable value of the asset is estimated.

The Company had no goodwill recorded at year-end 2020.

For impairment testing, assets are grouped into the smallest possible group of assets that generate cash inflows from their continuing use, inflows that are largely independent of the cash inflows from other assets, or CGUs.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the result.

Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

During 2014 and 2015, MHWirth constructed a new facility to support the operations in Brazil. As of December 31, 2020, the net book value of the plant is approximately R$150 million net of an impairment adjustment of approximately R$99 million recorded in December 2016 in the company AK Operações do Brasil Ltda. prior to the partial spin-off.

The oil business has, in general and specifically in Brazil since 2016, experienced cycles of low investment in new drilling equipment and an evolving trend in the aftermarket and equipment maintenance business, but overall demand is still similar to recent years.

A real estate market survey was conducted, which documents that current square meter prices in Macaé remain similar to the price assessed in 2016, many areas and buildings are still vacant, and market rates are very low. In addition, several of our competitors have significant operational spare capacity.

Based on the above, there is no indication that the asset may have been devalued or that the adjustment made previously can be reversed.

3.5 Provisions

Provisions are determined by discounting estimated future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the related liability. The effects of not discounting for the passage of time are recognized in profit or loss as a finance expense.

Warranties

A provision for warranty is recognized when the products or services to which they relate are sold, based on historical data and weighting of possible scenarios and their respective probabilities.

Onerous contracts

A provision for onerous contracts is measured at present value at the lower of the expected cost of terminating the contract and the expected net cost if the contract is maintained. Before the provision is made, the Company recognizes any impairment loss on the assets related to that contract.

3.6 Sale of goods and services

The Company recognizes revenue in accordance with CPC 47 - Revenue from Contracts with Customers and HMH group accounting guidelines. In this sense, the effects arising from contracts with customers are only recorded when all the criteria established by the standard are met, including approval of the contract, identification of the rights of each party to the assets to be transferred, when the payment terms are identifiable and when it is observed that it is probable that the Company will receive the consideration to which it will be entitled in exchange for the assets to be transferred to the customer.

The Company recognizes revenue when or as the performance obligation is satisfied, i.e., when it transfers control of the promised service to the customer. The service is considered transferred when or to the extent that the customer obtains control of it.

In Brazil the main contracts and performance obligations are:

- Service contracts (equipment overhaul and repair, onshore and offshore engineering services, and training): Revenue is recognized over time as the services progress. The progress of the service is determined based on the incurred cost method. If services under a single contract occur in different periods, the consideration will be allocated based on their individual selling prices. The individual sales price is determined in the sales proposal for the service made to the customer.
- Resale of parts: Revenue is recognized at the moment the goods are transferred and/or delivered to the customer.
- Construction Contract (Riser Column Fabrication): Revenue is recognized over time based on the incurred cost or physical progress method when "the unit does not create an asset with an alternative use for the unit and the unit has an enforceable right to payment for performance completed to date;

3.7 Other Sources of Revenue

Other sources of revenue include rental income from part of a leased property, and amounts related to foreign exchange variation and income on financial investments.

3.8 Leases

CPC 06 (R2) / IFRS 16 introduced a single model for accounting for leases on the balance sheet of lessees. As a result, the Company, as a lessee, recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments, note 15. The lessor's accounting remains similar to previous accounting policies.

The Company adopts CPC 06 (R2) / IFRS 16 - Leases , and uses the simplified approach.

3.9 Uncertainty about the Treatment of Taxes on Profits

Additionally, on January 1, 2019, the technical interpretation ICPC 22 - Uncertainty over Income Tax Treatment, issued by CPC, became effective, which clarifies how to apply the recognition and measurement requirements of CPC 32 when there is uncertainty about the income tax treatments. The Company has not identified impacts related to this standard.

4 New standards and interpretations not yet effective

A number of new standards are effective for fiscal years beginning after January 1, 2020. The Company has not adopted these standards in preparing these financial statements.

(i) Onerous Contracts - costs to fulfill a contract (amendments to CPC 25 / IAS 37);

(ii) Reference interest rate reform - Phase 2 (amendments to CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4 and CPC 06/IFRS16);

(iii) Other standards;

The following new and amended standards are not expected to have a significant impact on the consolidated financial statements:

- COVID-19 related rental concessions (amendment to CPC 06/IFRS 16).
- Fixed Assets: Revenues before Intended Use (amendments to CPC 27/IAS 16).
- Reference to the Conceptual Framework (amendments to CPC 15/IFRS 3).
- Classification of Liabilities as Current or Noncurrent (Amendments to CPC 26/IAS 1).
- IFRS 17 Insurance Contracts.

5 Cash and cash equivalents

The balance of the "cash and cash equivalents" account includes bank deposits and short-term investments. As recorded in the cash flow statement, this balance can be reconciled to the respective items in the balance sheets, as shown below:

	2020	**2019**
Current account	1	1
Marketable securities (a)	39,199	6,482
	39,200	**6,483**

(a) The marketable securities in 2020 and 2019 are represented by an investment fund of Banco Itaú S/A, generating an average yield of 2.42% in 2020 (5.95% in 2019). This fund has immediate liquidity with insignificant risk of change in value.

6 Accounts receivable

	2020	**2019**
Domestic accounts receivable	15,510	12,646
Foreign Accounts Receivable	239	5,540
	15,749	**18,186**
The aging list for due dates of receivables:		
- Due	8,570	15,897
- Over due less than 30 days	7,081	2,289
- Over due from 31 to 60 days	98	-
	15,749	**18,186**

In relation to the provision for expected credit losses, Management performed historical and prospective analyses and did not identify the need to make provisions.

7 Inventories

The inventories are segregated into three subgroups: raw materials and consumables, products for resale, and project inventory:

	2020	**2019**
Raw materials and consumables	587	1,250
Products for Resale	10,387	10,117
Project - Awilco I (a)	19,017	1,800
Project – Awilco II (b)	7,623	-
	37,614	**13,167**
Provision for obsolescence (products for resale and raw materials)	(4,069)	(4,549)
	33,545	**8,618**

(a) Custom production of the Awilco I Project for the fabrication of 1 Riser column with 28 joints.
- i. The project started in the last quarter of 2019 and much of the components/raw materials were purchased in 2020.
- ii. Project progress as of December 31, 2020: 84% (32% as of December 31, 2019).
- iii. The delivery date is August/2021

(b) Custom production of the Awilco II Project for the fabrication of 1 Riser column with 28 joints.
- i. The project started in the third quarter of 2020 and part of the components / raw materials were purchased in 2020
- ii. Project progress by December 31, 2020: 25%.
- iii. The delivery date is September 2022

8 Income tax, social contribution and other taxes

The classification between current and non-current was based on the expected use of the credits, according to the specific regulation of each tax.

(i) Recoverable income tax and social contribution

	2020	**2019**
IRRF - Income Tax Recoverable	74	129
CSLL - Social Contribution Recoverable	307	209
	381	**338**
Current	381	338
Non-current	-	-

(ii) Recoverable income tax and social contribution

	2020	**2019**
PIS – Social Integration Program	140	89
COFINS – Contribution for the Financing of Social Security	647	425
ICMS –Tax on Circulation of Goods and Services	41	593
IPI –Tax on Industrialized Products	2	54
	830	**1,161**
Current	685	1,161
Non-current	145	-

(iii) Income tax and social contribution payable

	2020	2019
IR – Withholding income tax	80	44
Current	80	44
Non-current	-	-

(iv) Other taxes payable

	2020	2019
PIS – Social Integration Program	235	96
COFINS – Contribution for the Financing of Social Security	1,083	444
ICMS –Tax on Circulation of Goods and Services	359	759
IPI –Tax on Industrialized Products	530	97
ISS – Tax on Service	108	533
CIDE – Contributions for Intervention in the Economic Domain	48	46
CSRF – Social Contributions withheld at source	24	24
	2,387	**1,999**
Current	2,387	1,999
Non-current	-	-

9 Advance payment to suppliers

Projects	**2020**	**2019**
104574 DRU 3 project (a)	45,063	34,952
100810 Awilco I project	-	537
100824 Awilco II project (b)	2,969	538
Outros	83	163
	48,115	**36,190**
Current	45,146	700
Non-current	2,969	35,490

(a) Manufacturing project for 1 Riser column - Project DRU 3, with the following details:

i. Supplier: Matrix Composites & Engineering Ltd

ii. Build-to-order

iii. Customer: MHWIRTH AS (Norway). This project is temporarily suspended. MHWIRTH AS is negotiating with the final customer about the amounts to be received regarding expenses incurred and will reimburse MHWIRTH in Brazil.

(b) Manufacturing project for 1 Riser column with 28 joints - Awilco II project, with the following details:

i. Suppliers hired: Matrix Composites & Engineering Ltd (R$ 2,633), Lewis Precision & Cnc (R$ 260) and CRP Subsea Limited (R$ 76).

ii. Build-to-order

iii. Customer: MHWIRTH AS (Norway). This project has been temporarily suspended. The project is scheduled to restart resume operations in May 2021.

Iv. Main project steps: engineering, manufacture of components by suppliers, receipt of components / raw material, welding, assembly, inspection, documentation and delivery

10 Property, plant and equipment

Property, plant and equipment	Building and construction	Land and real estate	Facilities and Improvements	Industrial Machinery and Equipment	Assets in Progress	Vehicles	Furniture and utensils	Leasehold Improvements	Tools	Computers	Total
Balance on December 31, 2018	**175,872**	**54,538**	**5,389**	**27,353**	**5,359**	**113**	**3,806**	**16**	**2,318**	**2,691**	**277,455**
Additions	-	-	-		3,145	-	-	-	-	-	3,145
Transfer from asset under construction to definite	5,384	-	-	73	(5,539)	-	-	-	-	82	-
Lows	-	-	(804)	(29)	-	-	(197)	-	-	(7)	(1,037)
Balance on December 31, 2019	**181,256**	**54,538**	**4,585**	**27,397**	**2,965**	**113**	**3,609**	**16**	**2,318**	**2,766**	**279,563**
Additions	-	-	-		20,600	-	-	-	-	-	20,600
Transfer from asset under construction to definite	20,012	-	-	476	(21,510)	-	7	-	280	735	-
Lows	-	-	-	(158)	-	-	(2)	-	-	-	(160)
Balance on December 31, 2020	**201,268**	**54,538**	**4,585**	**27,715**	**2,055**	**113**	**3,613**	**16**	**2,598**	**3,501**	**300,003**

Accumulated depreciation and impairment losses	Building and construction	Land and real estate	Facilities and Improvements	Industrial Machinery and Equipment	Assets in Progress	Vehicles	Furniture and utensils	Leasehold Improvements	Tools	Computers	Total
Balance on December 31, 2018	**(15,329)**	**-**	**(1,441)**	**(11,114)**	**-**	**(113)**	**(1,812)**	**(3)**	**(1,803)**	**(2,351)**	**(33,966)**
Reduction to the recoverable value of assets - Impairment	(67,919)	(22,059)	(1,785)	(7,768)	-	-	-	-	-	-	(99,531)
Additions	(4,388)	-	(290)	(1,311)	-	-	(360)	(2)	(290)	(171)	(6,812)
Lows	-	-	638	14	-	-	186	-	-	7	845
Balance on December 31, 2019	**(87,636)**	**(22,059)**	**(2,879)**	**(20.179)**	**-**	**(113)**	**(1,986)**	**(5)**	**(2,093)**	**(2,514)**	**(139,464)**
Additions	(4,554)	-	(233)	(1,160)	-	-	(352)	-	(217)	(290)	(6,806)
Lows	-	-	-	72	-	-	0	-	-	-	72
Balance on December 31, 2020	**(92,190)**	**(22,059)**	**(3,111)**	**(21,267)**	**-**	**(113)**	**(2,338)**	**(5)**	**(2,310)**	**(2,804)**	**(146,198)**
Net balance on December 31, 2020	**109,078**	**32,479**	**1,474**	**6,448**	**2,055**	**-**	**1,275**	**11**	**288**	**697**	**153,805**

Property, plant and equipment supports all operations in Brazil, such as product delivery (manufacture of drilling risers and drilling equipment), drilling services (overhaul, maintenance, onshore support, spare parts and training), and global projects (support for delivery of drilling packages in Brazil).

Impairment Indications

In accordance with CPC 01, management has reviewed a list of external and internal impairment indicators, highlighting, among the main ones, the following:

- Significant reduction in the market value of the asset;
- Obsolete technology;
- Net book value > market value; and
- Reduced potential for sale/cash generation in the near future;

Based on the above assessment of indicators the long-term strategy and business plan for the asset remain unchanged, given that the Macaé plant remains the main facility for the manufacture of Risers. The Company also leases part of its facilities in Macaé to CSE/Aker Solutions and AK Operations.

The book value of land, buildings, facilities, industrial machinery and equipment were previously "impaired - Impairment adjustment" in the amount of R$ 99,500 due to the write-off of the oil business during the period 2015 -2018.

The market value assessment from the external consultant CBRE performed in June 2020 showed an estimate of R$176,900 . There are many uncertainties about the cyclical market, the price of oil and the real estate market and due to the pandemic (COVID-19) we made an assessment in December 2020 of the sale price of the Macaé real estate market and this assessment presented an estimate of R$153,400.

The figures below represent the value of the asset, the impairment value, and the current December 2020 values:

- Asset value without Impairment adjustment	253,336
- Reduction to the recoverable value of assets - Impairment adjustment	(99,531)
- Book value of Fixed Assets at December 31, 2020	153,805
- Market value evaluation performed in December/2020	153,400

Based on the above, there is no indication that the Asset may have suffered devaluation or that the Impairment adjustment can be reversed.

11 Suppliers

	2020	2019
Domestic accounts receivable	33,715	5,323
Foreign Accounts Receivable	610	1,882
	34,235	**7,205**
Current	34,325	7,205
Non-current	-	-
	34,325	**7,205**

At December 31, 2020, MHWIRTH presented a balance of R$34,235 related to short-term accounts payable. The increase of 375% compared to the closing of fiscal year 2019 is due to the unfavorable decision of the lawsuit with Rio Verde, whose amount is scheduled for payment in January/2021.

12 Social and labor obligations

	2020	2019
IRRF –Withholding income tax on payroll	329	340
INSS - National Institute of Social Security on payroll	423	407
FGTS - Guarantee Fund for Time of Service on payroll	107	132
Benefits payable	69	668
Provision for vacation pay and charges	2,146	2,305
	3,074	**3,852**
Current	3,074	3,852
Non-current	-	-

13 Provisions

	2020	2019
Provision for guarantee	1,861	1,861
Provision for project cost (a)	40,326	16,049
Other provisions	3,096	4,993
	45,283	**22,903**

(a) This provision is composed of the Awilco I Project in the total amount of R$15,231 (R$6,849 in 2019), the Awilco II Project in the total amount of R$5,792 (R$0 in 2019) and the DRU 3 Project in the total amount of R$19,303 (R$9,200 in 2019).

Description of the Provision	Provision for guarantee	Provision of project costs	Provision for lawsuits	Other provisions	TOTAL
Balance on December 31, 2019	**4,235**	**7,924**	**600**	**7,509**	**20,268**
Provisions recorded during the year	75	8,125	-	18,793	26,993
Provisions used during the year	-	-	(289)	(20,323)	(20,612)
Adjustments to initial provisions	(2,449)	-	(311)	(986)	(3,746)
Balance on December 31, 2020	**1,861**	**16,049**	**-**	**4,993**	**22,903**
Current	-	6,849	-	4,993	**11,842**
Non-current	1,861	9,200	-	-	**11,061**

Description of the Provision	Provision for guarantee	Provision of project costs	Provision for lawsuits	Other provisions	TOTAL
Balance on December 31, 2019	**1,861**	**16,049**	**-**	**4,993**	**22,903**
Provisions recorded during the year	-	26,275	-	41,056	67,331
Provisions used during the year	-	-	-	(41,819)	(41,819)
Adjustments to initial provisions	-	(1,998)	-	(1,134)	(3,132)
Balance on December 31, 2020	**1,861**	**40,326**	**-**	**3,096**	**45,283**
Current	-	34,534	-	3,096	**37,630**
Non-current	1,861	5,792	-	-	**7,653**

Provision for Warantees

The provision for waranties relates primarily to guarantees for projects closed in fiscal 2016, 2017, 2018 and 2019. The provision is based on estimates of historical data for guarantees associated with similar products and services. The Company expects to settle these liabilities in 2022 and 2023

Provision of project costs

The provision for projects refers primarily to cost recognition under the physical progress method for construction contracts. The provision is based on estimates of the final outcome of the projects. The Company expects to settle these liabilities in 2021 and 2022.

Other provisions

The line other provisions refers to: contracting services and materials not finalized in 2020 related to the support departments: base maintenance, IT (information technology), legal, finance, among others. The Company expects to settle these liabilities in the first quarter of 2021.

Provision for contingencies

The Company is a defendant in a labor lawsuit. Although no liability has been recognized because an outflow of funds is not probable, Management estimates that there is a possibility of possible loss, the amount of which totals R$150 thousand (120 thousand in 2019).

14 Equity

Quota capital

As of December 31, 2020 the subscribed and paid-in capital is R$208,497 (R$180,812 as of December 31, 2019), corresponding to 208,497,585 quotas (180,811,785 quotas as of December 31, 2019) and 100% of the quotas are owned by MHWIRTH AS.

According to the 10th contractual amendment entered into on December 23, 2020, the Company increased its capital in the amount of R$ 27,686 with the issuance of 27,685,800 new quotas.

Dividends/legal reserve

The Company has accumulated losses in 2020, so there is no distribution of dividends and constitution of a legal reserve.

15 Financial instruments

Capital risk management

The Company manages capital to ensure that it continues its normal activities, while maximizing the return to all stakeholders or parties involved in its operations, through the optimization of debt and equity balances.

The Company's capital structure is made up of net indebtedness, less cash and bank balances, and the Company's equity (which includes issued capital and reserves), as presented in the statement of changes in equity.

The Company is not subject to any external capital requirements.

Management constantly reviews its capital structure. As part of this review, Management considers the cost of capital and the risks associated with each class of capital.

(a) Cash and cash equivalents according to Note 5.

(b) Equity includes all capital and reserves of the Company, managed as capital.

Categories of financial instruments

	Amortized cost 2020	Fair value 2020	Amortized cost 2019	Fair value 2019
Assets				
Cash and cash equivalents	39,200	39,200	6,483	6,483
Accounts receivable - third parties	15,749	15,749	18,186	18,186
Accounts receivable - Related Party	554	554	7,504	7,504
Liabilities				
Suppliers - third parties	34,325	34,325	7,205	7,205
Suppliers - Related Party	1,034	1,034	1,531	1,531

- Cash and cash equivalents: book values identical to the fair value due to remuneration rates based on the variation of the Interbank Deposit Certificate (CDI).

- Accounts receivable and suppliers: arise directly from the Company's operations, and are measured at amortized cost and recorded at their original value, less the provision for losses and adjustment to present value, when applicable.

The estimated realizable values of the Company's financial assets and liabilities were determined using information available in the market and appropriate valuation methodologies. Judgments were required in interpreting market data to produce the most adequate estimates of realizable values. As a consequence, the estimates do not necessarily indicate the amounts that may be realized in the current exchange market. The use of different market methodologies can have a material effect on the estimated realizable values.

Objectives of financial risk management

The Company's corporate treasury department coordinates access to domestic and foreign financial markets, and monitors and manages financial risks related to the Company's operations through internal risk reports that analyze exposures by risk grade and materiality. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

(i) Market risk

Market risk is the risk that changes in market prices - such as exchange rates and interest rates - will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters while optimizing returns. The Company uses derivatives to manage market risks. Exposures to market risk are measured on an ongoing basis and are monitored by the Company's management.

Exchange Rate Risk

The Company is exposed to foreign exchange risk arising from differences between the currencies in which some sales and purchases are denominated and the entity's respective functional currencies. The Company's functional currency is the Brazilian Real (R$). The currencies in which some of the Company's transactions occur are denominated in: US Dollar (USD), Euro (€) and Norwegian Krone (NOK).

The company adopts a policy of exchange rate risk protection, which guides the hiring of protection for operations that exceed the value of 1 million Norwegian Krone (currently around 600 thousand Reais).

A summary of the Company's currency risk exposure and sensitivity analysis is presented below:

	Value Basis (in BRL)	Quotation 12/31/2020	Scenario I	Scenario II
Assets - Accounts Receivable				
Dólar (USD)	109	5.1967	76	142
Liabilities - Suppliers				
Euros (EUR)	(16)	6.3756	(11)	(20)
Dólar USD)	(167)	5.1967	(117)	(217)
Norwegian Kroner (NOK)	(1,462)	0.6088	(1,023)	(1,901)
Net balance sheet exposure	**(1,536)**	**-**	**(1,075)**	**(1,966)**

(Scenario I)	Considers the reduction of 30% in the base currency quotation in relation to the Real
(Scenario II)	Considers the increase of 30% in the exchange rate of the base currency against the Real

(ii) Credit risk management

Credit risk refers to the risk that a counterparty will default on contractual obligations, causing the Company to incur financial losses. The Company has adopted a policy of only dealing with counterparties that have creditworthiness and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss due to default. The Company uses publicly available financial information and its own records to assess its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of completed transactions is divided among the approved counterparties. Credit exposure is controlled by counterparty limits, which are reviewed and approved by Management.

Regarding financial investments and other investments, the Company has the policy of working with traditional institutions avoiding the concentration of these investments in a single economic group. During 2020, the company maintained low-risk investments in the Bradesco and Itaú banks.

The maturity terms for accounts receivable (third parties and related parties) are as follows:

	2020	2019
Due	9,086	22,824
Over due less than 30 days	7,126	2,866
Over due from 31 to 60 days	91	-
	16,303	**25,690**
Third Party	15,749	18,186
Related Parties	554	7,504
	16,303	**25,690**

Additionally, the Company does not hold any credit guarantees to cover its credit risks associated with its financial assets.

(iii) Liquidity risk management

Liquidity risk is that the Company will encounter difficulty meeting the obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Company's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, both under normal and stress conditions, without causing unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, bank credit lines and borrowing facilities it deems appropriate, through continuous monitoring of expected and actual cash flows, and by combining the maturity profiles of financial assets and liabilities. The following are the contractual maturities of financial liabilities at the financial statement date. These amounts are gross and undiscounted, and include contractual interest payments incurred through the end of the year and exclude the impact of netting arrangements:

Projected future cash flows for financial liabilities	**Up to 12 months**	**From 1 to 2 years**	**From 2 to 3 years**	**Total**
Suppliers - Third-party	34,325	-	-	34,325
Suppliers - related party	1,034	-	-	1,034
	35,359			**35,359**

16 Related party

16.1 End controller

The end controller is the Akastor ASA.

16.2 Assets

	2020	2019
Accounts receivable	554	7,504
Advance payment to suppliers	656	-
	1,210	**7,504**

16.3 Liabilities

	2020	2019
Suppliers	1,034	1,531
Advances payment from customers - current liabilities (a)	16,954	-
Advances payment from customers – Non-current liabilities (b)	3,678	14,666
	21,666	**16,197**

(a) Manufacturing project for 1 Riser column - DRU Project 3, with the following details:
- i. Build-to-order production
- ii. Revenue Recognition by POC - CPC 47
- iii. Customer: MHWIRTH AS (Norway). This project is temporarily suspended. MHWIRTH AS is negotiating with the final customer about the amounts to be received regarding expenses incurred and will reimburse MHWIRTH in Brazil.

(a) Manufacturing project for 1 Riser column with 28 joints - Awilco I project, with the following details:
- i. Build-to-order production
- ii. Revenue Recognition by POC - CPC 47
- iii. Customer: MHWIRTH AS (Norway).
- iv. Main steps: engineering, manufacture of components by suppliers, receipt of components / raw material, welding, assembly, inspection, documentation and delivery
- v. Scheduled delivery date: August/2021

(b) Manufacturing project for 1 Riser column with 28 joints - Awilco II project, with the following details:
- i. Build-to-order production
- ii. Revenue Recognition by POC - CPC 47
- iii. Customer: MHWIRTH AS (Norway) - This project is temporarily suspended. The project is scheduled to restart operations in May/2021.
- Iv. Main steps: engineering, manufacture of components by suppliers, receipt of components / raw material, welding, assembly, inspection, documentation and delivery

16.4 Sales of services and goods

	2020	2019
Revenue from sale of services	2,155	10,322
Revenue from the sale of parts	138	-
Project Revenue	30,559	7,792
	32,852	**18,114**

16.5 Management Remuneration

	2020	2019
Remuneration	887	794

Includes fixed remuneration (salaries, bonus, vacation, 13th salary) and social charges (social security contributions - INSS, FGTS, among others). Total short-term benefits paid to Management in 2020 were R$1,446 (R$1,314 at December 31, 2019).

17 Net operating revenue

The breakdown of net operating revenue presented in the income statement is as follows:

	2020	2019
Gross revenue		
Service revenue (a)	39,532	49,165
Product Sales Revenue (b)	49,393	27,833
Project Revenue (c)	30,559	7,792
(-) **Deductions**		
(-) Sales Taxes (d)	(17,451)	(12,878)
(-) Returns, deductions and rebates	(1,775)	(140)
Net revenue	**100,258**	**71,772**

(a) Revenues from maintenance, repair and overhaul services of third-party equipment; training in equipment operation; and technical assistance.

(b) Revenues related to sales of equipment, parts and among others.

(c) Revenue related to Awilco I and II projects (recognized under the physical progress method for construction contract - manufacture of 28 Riser joints per project)

(d) Sales taxes refer to: ICMS R$ 9,509 (R$ 5,523 in 2019), ISS R$ 1,635 (R$ 1,448 in 2019) and PIS/COFINS R$ 6,307 (R$ 5,907 in 2019).

Cost of goods sold and services rendered

	2020	2019
(a) Costs of services rendered		
Salaries and charges	(11,178)	(10,644)
Suppliers Subcontracting	(6,072)	(3,650)
Inputs and materials for operational use	(3,732)	(10,648)
	(20,982)	**(24,942)**
Cost of Goods Sold		
Sold equipment and parts	**(18,419)**	**(10,795)**
Project cost		
Salaries and charges	(1,511)	(187)
Inputs and materials for operational use (a)	(27,332)	(4,223)
	(28,843)	**(4,410)**
Total cost	**(68,244)**	**(40,147)**

Total project costs increased by 558% compared to the end of fiscal 2019. This increase is due to the ongoing Related Party projects, Awilco I and II whose contribution margin is lower compared to service and resale projects.

18 General and administrative expenses, and other operating income

	2020	2019
Consulting, auditing, legal, third-party and other services	(3,314)	(1,195)
Salaries, vacation and charges	(11,777)	(13,515)
Real Estate Rental	(30)	(68)
IT costs (consulting, services and parts & accessories)	(4,323)	(3,391)
Renting and leasing of machinery and equipment	(256)	(146)
Maintenance	(675)	(1,435)
Travel and Accommodation	(344)	(782)
Insurance	(299)	(212)
Cleaning and property security	(1,271)	(566)
Energy Expenses	(1,232)	(1,226)
Depreciation	(6,808)	(6,812)
Other general and administrative expenses	(2,879)	(4,065)
	(33,208)	**(33,413)**
Reimbursement from HDI for the loss that occurred in March/2018	-	2,098
PIS/COFINS refund related the exclusion of ICMS from the calculation basis	-	2,068
Other Revenues	66	-
	66	**4,166**

19 Net financial result

	2020	2019
Financial Revenues		
Exchange variation gain	11,139	37
Financial investment income	246	832
Other financial income	45	146
	11430	**1,015**

	2020	2019
Financial Expenses		
Exchange variation expense	(7,435)	(41)
Interest expenses related to court decision - process with Rio verde	(10,620)	-
Other financial expenses	(2,450)	(128)
	(20,505)	**(169)**
Financial Result	**(9,075)**	**846**

President Director
Trond Hugo Fiskum

Accountant
Vinícius Mariano Soares
CRC RJ-120996/O-2

Annex 3 Template for Final Terms for fixed and floating rate Bonds

[Annex 3]

Final Terms

for

[Title of the bond issue]

Amsterdam, [Date]

Terms used herein shall be deemed to be defined as such for the purpose of the conditions set forth in the Base Prospectus clauses 2 Definitions and 13.3 Definitions, these Final Terms and the attached Bond Terms and the attached Guarantee agreement.

[*In case MiFID II identified target market are professional investors and eligible counterparties, insert the following:*]
[**MIFID II product governance / Professional investors and eligible counterparties (ECPs) only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and eligible counterparties only (ECPs) target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In case MiFID II identified target market are retail investors, professional investors and eligible counterparties, insert the following:]
[**MIFID II product governance / Retail investors, professional investors and eligible counterparties (ECPs) target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended) (**MiFID II**); *EITHER* [and (ii) all channels for distribution of the Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/

and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[**UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is retail clients, as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); EITHER [and (ii) all channels for distribution of the Bonds are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR [(ii) all channels for distribution to eligible counterparties and professional clientsare appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's (as defined below) suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

This document constitutes the Final Terms of the Bonds described herein pursuant to the Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus dated October 26 2022 and [the supplement[s] to the Base Prospectus dated [date]].

The Base Prospectus dated October 26 2022 [and the supplement[s] to the Base Prospectus dated [date]] [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 ([together,] the "Base Prospectus").

Final Terms include a summary of each Bond Issue.

These Final Terms and the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the Issuer's website https://hmhw.com, or on the Issuer's visit address, Weerdestein 97, 1083 GG Amsterdam, The Netherlands, or their successor (s).

1 Summary

The below summary has been prepared in accordance with the disclosure requirements in Article 7in the Regulation (EU) 2017/1129 as of 14 June 2017.

Introduction and warning

Disclosure requirement	*Disclosure*
Warning	This summary should be read as introduction to the Base Prospectus. Any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Base Prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
Name and international securities identification number (‘ISIN’) of the securities.	[●]
Identity and contact details of the issuer, including its legal entity identifier (‘LEI’).	[●]

Legal name	Address	Telephone
HMH Holding B.V.	Weerdestein 97, 1083 GG Amsterdam, The Netherlands	+47 38 05 70 00
MHWirth AS	P.O. Box 413 Lundsiden, N-4604 Kristiansand S, Norway	+47 38 05 70 00
Hydril USA Distribution LLC	3300 North Sam Houston Parkway East, Houston, US-TX, 77032, US	+1 281 371 2424
Hydril PCB Limited	C/O Tmf Group 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB	+44 1224 040448
HMH Drilling Asia Pte Ltd	2 Benoi Road, Singapore 629876	+65 6262 6633
MHWirth GmbH	Kölner Str. 71-73, 41812 Erkelenz, Germany	+49 2431 83-0
MHWirth FZE	Office 1025, Lvl.10, Tower B, JAFZA One Building, JAFZA, Dubai, UEA	+971 4 550 6200
MHWirth Do Brasil Equipamentos Ltda.	Rua Sergio Roberto Franco, s/n, Quadra 03 parte,Macaé, RJ, Brazil	+55 22 2141-3163

Legal name	LEI code
HMH Holding B.V.	8945008FRZIYPW0VW366
MHWirth AS	549300HDWI4UGF5PXN97
Hydril USA Distribution LLC	549300S3DZSMR28PBY38
Hydril PCB Limited	93B04WSV2YH2GAMGHL39
HMH Drilling Asia Pte Ltd	7M2Q77WI4MC6Z0NHKK48
MHWirth GmbH	967600HPWLDN8B7I6R95
MHWirth FZE	N/A
MHWirth Do Brasil Equipamentos Ltda.	N/A

Identity and contact details of the offeror or of the person asking for admission to trading on a regulated market.	There is no offeror, the Base Prospectus has been produced in connection with listing of the securities on an Exchange. The Issuer is going to ask for admission to trading on a regulated market.
Identity and contact details of the competent authority that approved the prospectus	Financial Supervisory Authority of Norway (Finanstilsynet), Revierstredet 3, 0151 Oslo. Telephone number is +47 22 93 98 00.

	E-mail: prospekter@finanstilsynet.no.
Date of approval of the prospectus.	The Base Prospectus was approved on October 26 2022.

Key information on the Issuer

Disclosure requirements	*Disclosure*
Who is the issuer of the securities	HMH Holding B.V.
Domicile and legal form	The Company is a private limited liability company incorporated in the Netherlands and organized under Dutch law.
Principal activities	HMH is a global provider of integrated drilling solutions and services with sophisticated technology, industry-leading engineering, and strong project management capabilities. HMH's key offering includes drilling rig packages, drilling equipment, pressure control equipment, drilling lifecycle services, digital solutions (and more).
Major shareholders	

HMH Holding B.V. is owned by Akastor ASA (50 %) and Baker Hughes Holdings LLC (50 %).

MHWirth AS is wholly owned by HMH Holding B.V.
Hydril USA Distribution LLC is wholly owned by HMH Holding B.V.
Hydril PCB limited is wholly owned by HMH Holding B.V. through MHWirth UK Ltd, a subsidiary of MHWirth AS.
HMH Drilling Asia Pte Ltd is wholly owned by HMH Holding B.V. mainly through MHWirth (Singapore) Pte Ltd., a subsidiary of MHWirth AS.
MHWirth GmbH is wholly owned by HMH Holding B.V. through MHWirth Holdco AS, a subsidiary of MHWirth AS.
MHWirth FZE is wholly owned by HMH Holding B.V through MHWirth AS.
MHWirth Do Brasil Equipamentos Ltda. is wholly owned by HMH Holding B.V through MHWirth AS.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

Management	

The management of the Company and the Guarantor can be seen below:

HMH Holding B.V. Consolidated

Name	Position
Merril A. «Pete» Miller Jr.	Chief Executive Officer
Thomas “Tom” McGee	Chief Financial Officer
Dwight Rettig	Chief Administration Officer and General Counsel
Eirik Bergsvik	President Equipment and System Solution
Chuck Chauviere	President Pressure Control Systems

MHWirth AS

Name	Position
Eirik Bergsvik	Chief Executive Officer
Dag Arthur Stenevik	Chief Financial Officer
Roy Dyrseth	Chief Commercial Officer
Jan Petter Knutsen	Senior Vice President
Pål Skogerbø	Chief Technology Officer
Torbjørn Rue	Vice President
Magne Hovland	Senior Vice President

Hydril USA Distribution LLC

Name	Position
Chuck Chauviere	President
Michael Denk	Vice President
David Ewing Bratton	Vice President, CFO & Treasurer
Steven Brooks	Vice President & assistant Treasurer
Kevin Joyce	Vice President

Oscar Rodriguez	Vice President
Matt Mosely	Vice President
Kristen Culver	Vice President
James Daniel Connelly	Vice President & Secretary
Sue Gregory	Assistant Secretary

Hydril PCB Limited

Name	Position
Chuck Chauviere	Director
David Ewing Bratton	Director
James Daniel Connelly	Director

HMH Drilling Asia Pte Ltd

Name	Position
Chuck Chauviere	Director
David Ewing Bratton	Director
James Daniel Connelly	Director
Mirji Dhananjay Pandurang	Director

MHWirth GmbH

Name	Position
Joachim Schlebusch	Managing Director
Andreas Escher	Director
Dirk Lindenlauf	Director
Thomas Cossmann	Senior Manager

MHWirth FZE

Name	Position
Rakan Al Safi	General Manager
Walid Galal Kotb Mohamed	Senior Manager

MHWirth Do Brasil Equipamentos Ltda.

Name	Position
Trond Fiskum	VP and Managing Director

Statutory auditors

Company	Year	Auditor
HMH Holding B.V.	2021	KPMG N.V.*
MHWirth AS	2020 and 2021	KPMG AS
Hydril USA Distribution LLC	2020 and 2021	KPMG LLP US
Hydril PCB Limited	2020 and 2021	KPMG LLP Scotland
HMH Drilling Asia Pte Ltd	2020 and 2021	KPMG Services Pte. Ltd.
MHWirth GmbH	2020 and 2021	KPMG AG Wirtschaftsprüfungsgesellschaft
MHWirth FZE	2020 and 2021	KPMG Lower Gulf Limited
MHWirth Do Brasil Equipamentos Ltda.	2020 and 2021	KPMG Auditores Independentes Ltda.

* For the purpose of this prospectus - special purpose consolidated financial statements are audited by KPMG AS. KPMG N.V is the elected auditor for HMH Holding B.V, however no audit reports have been issued by KPMG N.V for the purpose of this prospectus.

What is the key financial information regarding the issuer

Key financial information

HMH Holding B.V. consolidated

Amounts in USD thousands	Annual

	Report
	2021*
Operating profit	18 941
Net financial debt (long term debt plus short term debt minus cash)	227 891**
Net Cash flows from operating activities	25 834
Net Cash flows from financing activities	215 872
Net Cash flow from investing activities	(148 811)

*For the period 28.04.2021-31.12.2021
**Including shareholder loans of USD 102 million.

MHWirth AS

Amounts in NOK thousands	Annual Report	
	2021	2020
Operating profit	76 772	116 899
Net financial debt (long term debt plus short term debt minus cash)	321 639	0
Net Cash flows from operating activities	(1 141 393)	199 818
Net Cash flows from financing activities	1 303 336	1 143
Net Cash flow from investing activities	(81 893)	(599 903)

Hydril USA Distribution LLC

Amounts in USD millions	Annual Report	
	2021	2020
Operating profit	(17)	(498*)
Net financial debt (long term debt plus short term debt minus cash)	6	0
Net Cash flows from operating activities	202	(6)
Net Cash flows from financing activities	15	0
Net Cash flow from investing activities	(208)	6

*Includes goodwill impairment (494)

Hydril PCB Limited

Amounts in GBP thousands	Annual Report	
	2021	2020
Operating profit	14 420	18 008
Net financial debt (long term debt plus short term debt minus cash)	(7 162)	(828)
Net Cash flows from operating activities	81 432	799
Net Cash flows from financing activities	(75 000)	0
Net Cash flow from investing activities	(98)	0

HMH Drilling Asia Pte Ltd

Amounts in USD	Annual Report	
	2021	2020
Operating profit	7 531 807	11 664 319
Net financial debt (long term debt plus short term debt minus cash)	(9 012 698)	(2 029)
Net Cash flows from operating activities	12 346 162	9 876 772
Net Cash flows from financing activities	(36 079 897)	0
Net Cash flow from investing activities	32 744 404	(9 907 123)

MHWirth GmbH

Amounts in EUR	Annual Report	
	2021	2020
Operating profit	(3 052 564)	9 930 320
Net financial debt (long term debt plus short term debt minus cash)	7 647 507	17 572 944
Net Cash flows from operating activities	N/A*	N/A*
Net Cash flows from financing activities	N/A*	N/A*
Net Cash flow from investing activities	N/A*	N/A*

*Cashflow is not required according to accounting principle used

MHWirth FZE

Amounts in AED	Annual Report	
	2021	2020
Operating profit	1 723 483	5 764 382
Net financial debt (long term debt plus short term debt minus cash)	(7 070 941)	(7 594 728)
Net Cash flows from operating activities	1 312 788	9 424 984
Net Cash flows from financing activities	(1 836 575)	(7 509 725)
Net Cash flow from investing activities	0	(10 564)

MHWirth Do Brasil Equipamentos Ltda.

Amounts in BRL thousands	Annual Report	
	2021	2020
Operating profit	1 655	(1 128)
Net financial debt (long term debt plus short term debt minus cash)	(8 225)	(39 200)
Net Cash flows from operating activities	(29 427)	25 631
Net Cash flows from financing activities	0	(27 686)
Net Cash flow from investing activities	(1 548)	(20 600)

There is no description of any qualifications in the audit report for the Annual Report 2021.

What are the key risk factors that are specific to the issuer	The Group is newly established in accordance with a transaction agreement entered into between its shareholders and has limited operating and financial history. The Issuer may in the future take on additional debt. Financial leverage and breach of covenants. Refinancing risk and inability to meet financing needs as they arise. Cybersecurity risks and threats.

Key information on the securities

Disclosure requirements	Disclosure
What are the main features of the securities	
Description of the securities, including ISIN code.	[•]
Currency for the bond issue	[•]
Borrowing Limit and Borrowing Amount [• tranche]	[•]
Denomination – Each Bond	[•]
Any restrictions on the free transferability of the securities.	[•]
Description of the rights attached to the securities, limitations to those rights and ranking of the securities.	[•]
Information about Issue and Maturity Date, interest rate, instalment and representative of the bondholders	[•]
Status of the bonds and security	[•]
Where will the securities be traded	
Indication as to whether the securities offered are or will be the object of an application for admission to trading.	[•]
What are the key risks that are specific to the securities	
Most material key risks	Risk relating to demand for oil and gas and volatile oil and gas prices. Changes in environmental and regulatory requirements. The Group operates in a highly competitive industry. The Group operates in a challenging technological environment.

	The Group is dependent on the use of certain technology and intellectual property rights. The Group is dependent on a limited number of customers and significant projects. The Group is subject to the risk of delayed payments from customers. The Group is dependent on services from third parties and supply of materials to complete contracts. The Group has operations in less developed or newly industrialized countries, which subjects it to political, financial and regulatory risk. The Group is subject to extensive health and safety risk, including compliance with a broad range of health and safety laws and regulations.

Key information on the admission to trading on a regulated marked

Disclosure requirements	Disclosure
Under which conditions and timetable can I invest in this security?	[●] The estimate of total expenses related to the admission to trading, please see clause 13.4.5 in the Base Prospectus. [/ Other: (specify)] Listing fee Oslo Børs [●] Registration fee Oslo Børs [●]
Why is the prospectus being produced	In connection with listing of the securities on the Oslo Børs.
Reasons for the admission to trading on a regulated marked and use of.	Use of proceeds [●] Estimated net amount of the proceeds [●]
Description of material conflicts of interest to the issue including conflicting interests.	[●]

2 Detailed information about the security

Generally:	
ISIN code:	[*ISIN*]
The Loan/The Bonds:	[*Title of the bond issue*]
Borrower/Issuer:	HMH Holding B.V. registered in the Netherlands Chambers of Commerce with registration number 862578796. The Company's LEI code is 8945008FRZIYPW0VW366.
Group:	Means the Issuer and its subsidiaries from time to time.
Group Company:	Means any person that is a member of the Group.
Guarantors:	Means MHWirth AS, Hydril USA Distribution LLC, Hydril PCB Limited, HMH Drilling Asia Pte Ltd, MHWirth GmbH, MHWirth FZE and MHWirth Do Brasil Equipamentos Ltda.
Security Type:	[*Un*]secured [*open*] bond issue with [*fixed/floating*] rate
Borrowing Limit – Tap Issue:	[*Currency*] [*Amount borrowing limit*]
Borrowing Amount [●] tranche:	[*Currency*] [*Amount [●] tranche*]
Denomination – Each bond:	[*Currency*] [*Amount denomination*] - each and ranking pari passu among themselves
Securities Form:	As set out in the Base Prospectus clause 13.1.
Publication:	As specified in the Base Prospectus section 13.4.2.
Issue Price:	[*As defined in the Base Prospectus section 13.3* [*Issue price*] %
Disbursement Date/Issue Date:	[*As defined in the Base Prospectus section 13.3* [*Issue date*]
Maturity Date:	[*As defined in the Base Prospectus section 13.3* [*Maturity Date*]
Guarantee:	As defined in the Base Prospectus section 13.3. [*terms of the Guarantee*] [The Guarantee Agreement is attached to this Final Terms.]
Interest Rate:	
Interest Bearing from and Including:	[Issue date / *Other: (specify)*]
Interest Bearing To:	[*As defined in the Base Prospectus section 13.3* [Maturity Date] / *Other: (specify)*]
Reference Rate:	[*As defined in the Base Prospectus section 13.3* *Floating rate:* [LIBOR] [3 / 6 / 12] months

	[*description of Reference Rate*] Relevant Screen Page: [*Relevant Screen Page*] Specified time: [*specified time*] Information about the past and future performance and volatility of the Reference Rate is available at [*Relevant Screen Page* / *other: (specify)*] Fallback provisions: [*Provisions*] */ Other: (specify)*] / *Fixed Rate:* N/A]
Margin:	[*As defined in the Base Prospectus section 13.3* *Floating Rate:* [Margin] % p.a. / *Fixed Interest:* N/A / Other*: (specify)*]
Interest Rate:	[*Bond issue with floating rate (as defined in the Base Prospectus section 13.3):* [Reference Rate + Margin] % p.a. Current Interest Rate: [*current interest rate*] / *Bond Issue with fixed rate (as defined in the Base Prospectus section 13.3):* [Interest rate] % p.a.
Day Count Convention:	[*Floating Rate:* As defined in the Base Prospectus section 13.3 */ Fixed Rate:* As defined in the Base Prospectus section 13.3
Day Count Fraction – Secondary Market:	[*Floating Rate:* As specified in the Base Prospectus section 13.5.1.a */ Fixed Rate:* As specified in the Base Prospectus section 13.5.2.a
Interest Determination Date:	[*Floating Rate:* As defined in the Base Prospectus section 13.3. Interest Rate Determination Date: [Interest Rate Determination Date(s)] each year. / *Fixed rate:* N/A */ Other: (specify)*]
Interest Rate Adjustment Date:	[*Floating Rate:* As defined in the Base Prospectus section 13.3. */ Fixed rate:* N/A]
Interest Payment Date:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.5.1 (FRN) / section 13.5.2 (fixed rate) Interest Payment Date: [Date(s)] each year. The first Interest Payment Date is [Date].
#Days first term:	[*Number of interest days*] days
Yield:	As defined in the Base Prospectus section 13.3. The Yield is [*yield*]
Business Day:	As defined in the Base Prospectus section 13.3.

	/ Other: (specify)]
Amortisation and Redemption:	
Redemption:	As defined in the Base Prospectus section 13.3 and as specified in the Base Prospectus section 13.4.3, 13.5.1.b and 13.5.2.b. The Maturity Date is [*maturity date*]
Call Option:	As defined in the Base Prospectus section 13.3. [*terms of the call option*] Call Date(s): [*call date(s)*] Call Price(s): [*call price(s)*] Call Notice Period: [*call notice period*]
Put Option:	As defined in the Base Prospectus section 13.3. [*terms of the put option*]
Mandatory repurchase due to a Material Asset Sale – Asset Sale Put Option:	As defined in the Base Prospectus section 13.3. *[terms of the asset sale put option]*
Early redemption option due to a tax event:	As defined in the Base Prospectus section 13.3. *[terms of the early redemption option due to a tax event]*
Early redemption – Equity Clawback:	As defined in the Base Prospectus section 13.3. *[terms of the early redemption option – equity clawback]*
Obligations:	
Issuer's special obligations during the term of the Bond Issue:	As specified in the Base Prospectus section 13.4.6. */ Other: (specify)*]
Listing:	
Listing of the Bond Issue/Marketplace:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5. Exchange for listing of the Bonds: [*Exchange*] / The Bonds will not be applied for listing on any Exchange. / *Other: (specify)*]
Any restrictions on the free transferability of the securities:	As specified in the Base prospectus section 13.4.10. Restrictions on the free transferability of the securities: [*specify*]
Purpose/Use of proceeds:	As specified in the Base Prospectus section 13.4.1. Estimated total expenses related to the offer: [*specify*] Estimated net amount of the proceeds: [*specify*] Use of proceeds: [*specify*] [*Other: (specify)*]
Prospectus and Listing fees:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5.

	Listing fees: [*specify*] / *Other: (specify)*]
Market-making:	As defined in the Base Prospectus section 13.3. [A market-making agreement has been entered into between the Issuer and [*name of market maker*]] / *Other: (specify)*]
Approvals:	As specified in the Base Prospectus section 13.4.9. Date of the Board of Directors' approval: [*date*] / Other: (specify)]
Bond Terms:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.7. By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party. / *Other: (specify)*]
Status and security:	As specified in the Base Prospectus section 13.4.6. / *Other: (specify)*]
Bondholders' meeting/ Voting rights:	As defined in the Base Prospectus section 13.3. / *Other: (specify)*]
Availability of the Documentation:	https://hmhw.com
Joint Lead Managers:	[*name and contact details of Joint Lead Managers*] *[LEI for Joint Lead Managers]*
Bond Trustee:	As defined in the Base prospectus section 13.3.
Paying Agent:	As defined in the Base prospectus section 13.3. The Paying Agent is [*name of the Paying Agent*]
Securities Depository / CSD:	As defined in the Base Prospectus section 13.3 and specified in the Base Prospectus section 13.4.5 */ Other: (specify)*]
Calculation Agent:	[As defined in the Base Prospectus section 13.3 / *Other: (specify)*]
Listing fees:	Prospectus fee for the Base Prospectus including template for Final Terms is NOK 128,000. [*Listing and other fees at the Exchange: (specify)* */ No listing:* N/A]

3 Additional information

Advisor
The Issuer has mandated [*name of Joint Lead Managers*] as Joint Lead Managers for the issuance of the Loan. The Joint Lead Managers have acted as advisor[s] to the Issuer in relation to the pricing of the Loan.

The Joint Lead Managers will be able to hold position in the Loan.

/ *Other: (specify)*]

Interests and conflicts of interest
[The involved persons in the Issuer or offer of the Bonds have no interest, nor conflicting interests that are material to the Bond Issue.

/ *Other: (specify)*]

Rating
[There is no official rating of the Loan.

The Issuer is rated as follows:
Standard & Poor's: [•]
Moody's: [•]

/ *Other: (specify)*]

Listing of the Loan:
[*As defined in the Base Prospectus section 13.3*]

The Prospectus will be published in [*country*]. An application for listing at [*Exchange*] will be sent as soon as possible after the Issue Date. Each bond is negotiable.

Statement from the Joint Lead Managers:
[*name of Joint Lead managers*] have assisted the Issuer in preparing the prospectus. The Joint Lead Managers have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and the Joint Lead Managers expressively disclaim[s] any legal or financial liability as to the accuracy or completeness of the information contained in this prospectus or any other information supplied in connection with bonds issued by the Issuer or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer. Each person receiving this prospectus acknowledges that such person has not relied on the Joint Lead Managers nor on any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

[*place*], [*date*]

[*name of Joint Lead Managers*]
[*web address of Joint Lead Managers*]