



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

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Thomas McGee
(Chief Financial Officer)

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Unaudited condensed interim income statement

<i>Amounts in USD thousands</i>	<i>Notes</i>	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

<i>Amounts in USD thousands</i>	<i>Notes</i>	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

<i>Amounts in USD thousands</i>	Notes	Second quarter 2022	First half 2022	28.04. - 31.12.2021
<i>Cash flow from operating activities</i>				
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
<i>Adjustments for:</i>				
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
<i>Changes in working capital:</i>				
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
<i>Cash flow from investing activities</i>				
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
<i>Cash flow from financing activities</i>				
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

<i>Amounts in USD thousands</i>	<i>Note</i>	Share capital ¹⁾	Share premium	Other equity			Retained earnings	Total equity
				Hedging reserve	Pension remeasurement reserve	Currency translation reserve		
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

<i>Amounts in USD thousands</i>	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

<i>Amounts in USD thousands</i>	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

<i>Amounts in USD thousands</i>	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

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
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

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
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