



Interim condensed consolidated financial information

December 31, 2022

HMH Holding B.V. including subsidiaries

Unaudited

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Business Review Q4 2022

Revenues and Orders

Revenues rose 20% on a year over year basis and 25% in a quarter-to-quarter basis, respectively. The year over year revenue were positively impacted by strong fourth quarter activities related to our products and services. We continue to experience strong growth in our aftermarket orders for the fourth consecutive quarter, highlighting the rebound in the offshore industry from higher crude prices and higher day rates for our customers. As the market continues to improve and further reactivations are announced and implemented, HMM continues to hold 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.

Adjusted EBITDA and Cash Flow

Adjusted EBITDA (as defined in bond terms - excluding items of exceptional or non-recurring nature) was down 8% on a year over year, but up 4% on a quarter over quarter basis, due to increased services volume partially offset by inflation and increased labor cost. Free cash flow was negative \$2 million driven by working capital movements within our project segment, our strategic inventory plan and delay by customers for milestone payments. We collected approximately \$15 million in milestone payments from our customers in January 2023. The aftermarket segment of HMM exhibits very steady working capital performance.

Integration Progress and Expense

HMM 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. We have completed our ERP implementation in our PCS business in the third quarter of 2022 and now have shifted our 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

HMM continued to amortize its term loan per the agreed schedule with the banks. We now have \$260 million of interest-bearing debt, with an undrawn \$72 million RCF. With \$47 million of cash on the balance sheet, we have \$150 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. 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, February 14, 2023

A blue ink signature of Thomas McGee, consisting of stylized initials 'TM' followed by a surname.

Thomas McGee
(Chief Financial Officer)

Unaudited condensed consolidated interim income statement

Amounts in USD thousands	Notes	Fourth quarter		Full year	28.04. -
		2022	2021	2022	31.12.2021
Revenue and other income	2.1	196,104	162,586	677,267	162,586
Operating expenses		171,802	136,543	599,560	136,545
Operating profit before depreciation, amortization and impairment	2.2	24,301	26,043	77,707	26,041
Depreciation and amortization	2.2	11,891	12,664	47,590	12,664
Impairment		-	1,587	-	1,587
Operating profit / loss(-)		12,411	11,793	30,118	11,791
Finance income		3,085	5,850	13,355	5,850
Finance expenses		11,456	13,191	51,453	13,191
Net finance expenses		-8,371	-7,342	-38,098	-7,342
Profit / loss(-) from joint ventures and associates		-	63	168	63
Profit / loss(-) before tax		4,040	4,514	-7,812	4,512
Income tax expense (Income)		-1,667	4,429	8,045	4,428
Profit / loss(-) for the period		5,707	85	-15,858	84
Profit / loss(-) attributable to:					
Equity holders of the parent		5,707	85	-15,858	84

Unaudited condensed consolidated interim statement of comprehensive income

Amounts in USD thousands	Notes	Fourth quarter		Full year	28.04. -
		2022	2021	2022	31.12.2021
Profit (loss) for the period		5,707	85	-15,858	84
Other comprehensive income					
Cash flow hedges, gross amount		3,724	1,329	-3,541	1,329
Cash flow hedges, related tax		-745	-266	708	-266
Total change in hedging reserve, net of tax		2,979	1,063	-2,833	1,063
Currency translation differences - foreign operations		-2,863	-1,693	-3,817	-1,693
Total items that may be reclassified subsequently to profit or loss, net of tax		116	-630	-6,650	-630
Remeasurement gain (loss) net defined benefit liability		691	-1,018	2,116	-1,018
Deferred tax of remeasurement gain (loss) net defined benefit liability		-138	281	639	281
Total items that will not be reclassified to profit or loss, net of tax		553	-737	2,756	-737
Total other comprehensive income / loss(-) for the period, net of tax		669	-1,367	-3,894	-1,367
Total comprehensive income / loss(-)		6,375	-1,281	-19,752	-1,282
Total comprehensive income / loss(-) attributable to:					
Equity holders of the parent		6,375	-1,281	-19,752	-1,282

Unaudited condensed consolidated interim statement of financial position

<i>Amounts in USD thousands</i>	<i>Notes</i>	31.12.2022	31.12.2021
ASSETS			
<i>Non-current assets</i>			
Deferred tax assets		31,548	38,750
Property, plant and equipment		217,675	228,233
Other Intangible assets		156,427	167,609
Right-of-use assets		32,745	41,588
Goodwill		280,780	279,825
Investment in joint ventures and associates		29	186
Other non-current assets		8,013	7,324
Total non-current assets		727,217	763,514
Current assets			
Prepaid company tax		1,213	-
Inventories		158,097	156,932
Trade receivables and other current assets		170,096	123,438
Derivative financial instruments		3,703	7,104
Current financial assets		41,984	44,295
Contract assets		148,327	117,351
Cash and cash equivalents		47,336	91,725
Total current assets		570,758	540,844
TOTAL ASSETS		1,297,974	1,304,358

Unaudited condensed consolidated interim statement of financial position

USD thousands	Notes	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital		0	0
Share premium		600,000	600,000
Other equity		33,236	41,248
Retained earnings		-54,270	-42,530
Total equity		578,966	598,718
Non-current liabilities			
Non-current borrowings		265,308	169,742
Non-current lease liabilities		25,900	33,041
Employee benefit obligations		18,797	26,627
Deferred tax liabilities		21,424	25,863
Non-current provisions		734	5,288
Other non-current liabilities		5,620	2,896
Total non-current liabilities		337,783	263,457
Current liabilities			
Current borrowings		39,204	149,874
Current lease liabilities		8,927	10,207
Current tax liabilities		9,013	5,988
Current provisions		15,754	14,206
Trade payables and other current liabilities		244,722	160,806
Contract liabilities		57,639	95,108
Derivative financial instruments		5,967	5,996
Total current liabilities		381,226	442,184
Total liabilities		719,009	705,641
TOTAL EQUITY AND LIABILITIES		1,297,974	1,304,358

Amsterdam, February 14, 2023



 Thomas McGee
 (Chief Financial Officer)

Unaudited condensed consolidated interim statement of changes in equity

For the twelve months ended December 31, 2022

	Share capital ¹⁾	Share premium	Other equity				Retained earnings	Total equity
			Hedging reserve	Pension remeasurement reserve	Currency translation reserve	Legal reserve ²⁾		
<i>Amounts in USD thousands</i>								
Equity as of December 31, 2021	0.003	600,000	1,063	-737	-1,693	42,615	-42,530	598,718
Profit (loss) for the period	-	-	-	-	-	-4,118	-11,740	-15,858
Other comprehensive income	-		-2,833	2,756	-3,817	-	-	-3,894
Total comprehensive income	0	600,000	-1,769	2,019	-5,510	38,497	-54,270	578,966
Increase in share capital and premium	-	-	-	-	-	-	-	-
Equity as of December 31, 2022	0	600,000	-1,769	2,019	-5,510	38,497	-54,270	578,966

¹⁾ Share capital is USD 0.003 thousand at December 31, 2022

²⁾ The net capitalised development costs is shown as a separate legal reserve according to the Art. 365.2 in The Dutch Civil Code.

For the period April 28, 2021 to December 31, 2021

	Share capital ³⁾	Share premium	Other equity				Retained earnings	Total equity
			Hedging reserve	Pension remeasurement reserve	Currency translation reserve	Legal reserve		
Amounts in USD thousands								
2021								
Equity as of April 28, 2021 ³⁾	0.001	-	-	-	-	-	-	0
Profit (loss) for the period ²⁾	-	-	-	-	-	42,615	-42,530	84
Other comprehensive income	-	-	1,063	-737	-1,693	-	-	-1,367
Total comprehensive income	0.001	-	1,063	-737	-1,693	42,615	-42,530	-1,282
Increase in share capital and premium								
October 1, 2021	0.001	600,000	-	-	-	-	-	600,000
Equity as of December 31, 2021	0.003	600,000	1,063	-737	-1,693	42,615	-42,530	598,718

¹⁾ Share capital is USD 0.003 thousand at December 31, 2022

²⁾ The retained earnings at end of period is negative due to capitalised development costs. The net capitalised development costs is shown as a separate legal reserve according to the Art. 365.2 in The Dutch Civil Code.

³⁾ Share capital is USD 0.001 thousand at April 28, 2021 and 0.003 at December 31, 2021

Unaudited condensed consolidated interim statement of cash flows

Amounts in USD thousands	Notes	Fourth quarter		Full year	28.04. -
		2022	2021	2022	31.12.2021
Cash flow from operating activities					
Profit (loss) before tax		4,040	4,514	-7,812	4,512
Adjustments for:					
Net finance income and expenses		8,371	7,342	38,098	7,342
Depreciation, amortization and impairment		11,891	14,251	47,590	14,251
(Gain) loss on disposal of assets		-49	-21	-55	-21
(Profit) loss from joint ventures and associates		-	-63	-168	-63
		24,252	26,022	77,652	26,020
Changes in working capital:					
Decrease/(increase) in trade receivables and other current assets		-56,469	36,449	-77,066	36,449
Increase/(decrease) in inventories		-18,512	7,571	-1,165	7,571
Increase/(decrease) in trade payables and other liabilities		57,282	-48,187	47,966	-48,187
Other changes		-1,756	4,372	-15,642	4,374
		-19,455	205	-45,907	207
Interest paid		-4,764	-185	-18,604	-185
Interest paid for leases		-159	-601	-2,130	-601
Interest received		713	393	2,401	393
Income taxes paid		865	-	-3,721	-
Net cash from operating activities		1,452	25,834	9,691	25,834
Cash flow from investing activities					
Purchase of property, plant and equipment		-5,868	-1,550	-7,534	-1,550
Payments for capitalized development expenses		-7,159	-306	-7,457	-306
Proceeds from sale of property, plant and equipment		-	21	1,056	21
Acquisition of subsidiaries, net of cash acquired		-	-146,977	-3,255	-146,977
Sale of subsidiaries, net of cash		-	-	1,740	-
Net cash flow from investing activities		-13,027	-148,811	-15,451	-148,811
Cash flow from financing activities					
Proceeds from borrowings		8,000	220,000	158,000	220,000
Payment of borrowings		-7,778	-	-185,011	-
Payment of borrowing cost		-202	-2,385	-4,105	-2,385
Payment of lease liabilities		-137	-1,743	-6,439	-1,743
Net cash flow from financing activities		-117	215,872	-37,555	215,872
Effect of exchange rate changes on cash and cash equivalents		4,614	-1,169	-1,073	-1,169
Net increase (decrease) in cash and cash equivalents		-7,078	91,725	-44,388	91,725
Cash and cash equivalents at the beginning of the period		54,414	-	91,725	-
Cash and cash equivalents at the end of the period		47,336	91,725	47,336	91,725

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, HMH Holding B.V. acquired 100% of MHWirth and 100% of Subsea Drilling System. The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%).

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. HMH has two operating segments: ESS and PCS.

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)

1.2 Basis of preparation

The Interim report does not include all of the information and disclosure required for a complete set of annual consolidated financial statements. The accounting policies applied in this Interim report are according to IFRS as approved by the EU.

HMH has reassessed presentation of the sale of Frontica and concluded that it is not a sale of a major line of business so it is disclosed as part of the continuing operations. The presentation classifications has been corrected in the Q4 2022 interim financial statement.

The fourth quarter interim report is unaudited.

Section 2 - Operating performance

Note 2.1 - Revenue from contracts with customers

Revenue types

<i>Amounts in USD thousands</i>	Fourth quarter		Full year	28.04. -
	2022	2021	2022	31.12.2021
Revenue from contract with customers	193,372	155,271	676,326	162,421
Other revenue and income				
Lease revenue	93	144	425	144
Other income	2,589	-	460	-
Gain / Loss (-) on disposal of fixed assets	49	21	55	21
Total revenue and other income	196,104	162,586	677,267	162,586

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 and by operating segments.

Fourth quarter 2022

<i>Amounts in USD thousands</i>	ESS	PCS	Total
Major contract/revenue types			
Construction revenue	21,992	1,460	23,452
Service revenue	67,327	72,673	140,000
Sale of products	22,086	10,566	32,652
Total revenue and other income	111,405	84,699	196,104

Timing of revenue recognition

Transferred over time	44,078	12,026	56,104
Transferred at point in time	67,327	72,673	140,000
Total revenue and other income	111,405	84,699	196,104

Full year 2022

<i>Amounts in USD thousands</i>	ESS	PCS	Total
Major contract/revenue types			
Construction revenue	93,148	42,780	135,928
Service revenue	229,650	213,350	443,000
Sale of products	63,828	34,511	98,339
Total revenue and other income	386,626	290,641	677,267

Timing of revenue recognition

Transferred over time	156,976	77,291	234,267
Transferred at point in time	229,650	213,350	443,000
Total revenue and other income	386,626	290,641	677,267

Q4 2021 and 28.04. - 31.12.2021¹⁾

<i>Amounts in USD thousands</i>	ESS	PCS	Total
Major contract/revenue types			
Construction revenue	18,018	3,797	21,815
Service revenue	47,340	60,581	107,921
Sale of products	22,816	10,034	32,850
Total revenue and other income	88,174	74,412	162,586

Timing of revenue recognition

Transferred over time	40,834	13,831	54,665
Transferred at point in time	47,340	60,581	107,921
Total revenue and other income	88,174	74,412	162,586

¹⁾ The revenue of the group in Q4 2021 is the same as for the period 28.04. - 31.12.2021. The group was established as at October 1, 2021 and there were no transactions impacting the revenue in HMH Holding BV before establishment of the HMH group.

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 and note 2.1 in this interim report for description of HMH's management model and operating segments as well as accounting principles used for segments reporting.

Fourth 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	111,405	84,698	196,104	-	-	196,104
Inter-segment revenue	5,034	7,462	12,496	-12,496	-	-
Total revenue and other income	116,440	92,160	208,600	-12,496	-	196,104
Operating profit before interest, depreciation, amortization and impairment (EBITDA)	-1,155	19,816	18,661	-	5,640	24,301
Depreciation and amortization	-3,892	-6,930	-10,822	-	-1,069	-11,891
Impairment	-	0	0	-	-	0
Net finance income/expense	2,069	-9	2,060	-	-10,431	-8,371
Profit / loss(-) from joint ventures and associates	-	-	-	-	-	-
Profit / loss(-) before tax	-2,978	12,878	9,900	-	-5,860	4,040

Full 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	386,626	290,641	677,267	-	-	677,267
Inter-segment revenue	7,369	10,585	17,954	-17,954	-	-
Total revenue and other income	393,995	301,226	695,221	-17,954	-	677,267
Operating profit before interest, depreciation, amortization and impairment (EBITDA)	27,786	55,281	83,068	-	-5,360	77,707
Depreciation and amortization	-15,032	-28,277	-43,309	-	-4,280	-47,590
Impairment	-	0	0	-	-	0
Net finance income/expense	-7,672	-753	-8,424	-	-29,674	-38,098
Profit / loss(-) from joint ventures and associates	168	-	168	-	-	168
Profit / loss(-) before tax	5,251	26,251	31,502	-	-39,314	-7,812

Note 2.2 - Operating segments (Continued)

Q4 2021

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
External revenue and other income	88,174	74,412	162,586	-	-	162,586
Inter-segment revenue	1,286	1,065	2,351	-2,351	-	-
Total revenue and other income	89,460	75,477	164,937	-2,351	-	162,586
Operating profit before interest, depreciation, amortization and impairment	6,770	19,273	26,043	-	-	26,043
Depreciation and amortization	-6,013	-6,650	-12,664	-	-	-12,664
Impairment	-1,587	-	-1,587	-	-	-1,587
Operating profit / loss(-)	-830	12,623	11,793	-	-	11,793
Net finance income/expense	7,216	-6,411	805	-	-8,147	-7,342
Profit / loss(-) from joint ventures and associates	63	-	63	-	-	63
Profit / loss(-) before tax	6,450	6,212	12,661	-	-8,147	4,514

28.04. - 31.12.2021

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
External revenue and other income	88,174	74,412	162,586	-	-	162,586
Inter-segment revenue	1,286	1,065	2,351	-2,351	-	-
Total revenue and other income	89,460	75,477	164,937	-2,351	-	162,586
Operating profit before interest, depreciation, amortization and impairment	6,769	19,272	26,041	-	-	26,041
Depreciation and amortization	-6,013	-6,650	-12,664	-	-	-12,664
Impairment	-1,587	-	-1,587	-	-	-1,587
Operating profit / loss(-)	-831	12,622	11,791	-	-	11,791
Net finance income/expense	7,216	-6,411	805	-	-8,147	-7,342
Profit / loss(-) from joint ventures and associates	63	-	63	-	-	63
Profit / loss(-) before tax	6,449	6,211	12,659	-	-8,147	4,512