



# **Interim condensed consolidated financial information**

**December 31, 2023**

**HMH Holding B.V. including subsidiaries**

**Unaudited**

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## Business Review Q4 2023

### Business Summary

HMH reports revenues of USD 786 million for the twelve months ended December 31, 2023, with an adjusted EBITDA (adjusted for non-recurring expenses or costs defined as outside of normal company operations) of USD 132 million, corresponding to an EBITDA margin of approximately 17%. Unadjusted EBITDA was USD 120 million for the twelve months ended December 31, 2023. Revenues in the fourth quarter was \$208 million up 3% in a quarter-to-quarter basis and up 6% year-to-year. For the twelve months ended December 31, 2023, revenues were driven by increased aftermarket services activity partially offset by lower project and product volume. We continue to experience strong growth in our orders year over year, highlighting the rebound in the offshore industry from higher crude prices and higher day rates for our customers.

### Adjusted EBITDA and Cash Flow

Adjusted EBITDA in the fourth quarter was \$44 million up 49% on a year-to-year, and up 24% on a quarter-to-quarter basis, driven by increased aftermarket services activity output and positively impacted by DLS bonus performance payout. Free cash flow (cash generated from operating activities less taxes paid and net investments) was positive USD 34 million driven by milestone collections and past due reduction. The aftermarket segment of HMH exhibits very steady working capital performance.

### Integration process

HMH has continued to integrate the businesses and build out an independent team from our respective parents. We completed our ERP implementation in our PCS business in 2022 and our ESS business in 3Q23. We have already started to see the benefits of this implementation, as it has greatly enhanced our reporting capabilities. Other key integration initiatives involve combining a few smaller product lines, integration of foreign service operations, and unification of compensation plans.

### Capital Structure

During the quarter HMH preformed a full refinancing of its debt structure. The \$150 million Senior Secured floating rate bond was replaced by a new 3-year \$200 million Senior Secured fixed rate bond. There is a tap capacity built into the bond framework, allowing a further issue of \$75 million subject to market conditions. In addition the term loan was fully repaid, and the Senior Secured Revolving Credit Facility (RCF) was replaced by a new Super Senior Secured RCF of \$50 million. As part of our refinancing, we recorded a one-time charge of approximately \$10 million related to unamortized debt costs and premium paid for early extinguishment of the previous bond. The refinancing allowed HMH to take advantage of improved market conditions, extending the maturity structure of its debt, while at the same time improving terms which helps position the Group for further growth. We now have \$222 million of interest-bearing debt, with USD \$22 million drawn under the new RCF. With \$63 million of cash on the balance sheet, we have \$159 million of net debt. HMH stays well within all covenant requirements for Minimum Liquidity, Gearing Ratio and Interest Coverage Ratio.

During fourth quarter HMH assessed recoverability of notes receivable which was subject to liquidation proceeds from sale of STEP Oiltools. Management of HMH started the liquidation process in 2023 and does not believe that net proceeds from the sale of STEP Oiltools would yield net cashflows to satisfy the notes receivable and as such recorded a one-time charge of approximately \$16 million.



## 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 13 February 2024**

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Thomas McGee  
(Chief Financial Officer)

## Unaudited condensed consolidated interim income statement

Amounts in USD thousands	Notes	Fourth quarter		Fourth quarter YTD	
		2023	2022	2023	2022
Revenue		208,332	196,037	785,579	677,267
<b>Revenue and other income</b>	2.1	208,332	196,037	785,579	677,267
<b>Operating expenses</b>		<b>-164,349</b>	<b>-171,735</b>	<b>-665,627</b>	<b>-599,560</b>
<b>Operating profit before depreciation, amortization and impairment</b>		<b>43,983</b>	<b>24,302</b>	<b>119,952</b>	<b>77,707</b>
Depreciation and amortization		-13,925	-12,091	-46,596	-47,590
Impairment of financial assets		-16,002	-	-16,002	-
<b>Operating profit / loss(-)</b>		<b>14,056</b>	<b>12,212</b>	<b>57,354</b>	<b>30,118</b>
Finance income		5,322	3,351	15,146	13,355
Finance expenses		-26,380	-11,891	-64,390	-51,453
<b>Net finance expenses</b>	4.2	<b>-21,058</b>	<b>-8,540</b>	<b>-49,245</b>	<b>-38,098</b>
Profit / loss(-) from joint ventures and associates		-	-	-	168
<b>Profit / loss(-) before tax</b>		<b>-7,003</b>	<b>3,672</b>	<b>8,109</b>	<b>-7,812</b>
Income tax expense	5.3	-6,095	1,668	-15,887	-8,045
<b>Profit / loss(-) for the period</b>		<b>-13,097</b>	<b>5,339</b>	<b>-7,778</b>	<b>-15,858</b>
<b>Profit / loss(-) attributable to:</b>					
Equity holders of the parent		-13,097	6,960	-7,778	-15,858

## Unaudited condensed consolidated interim statement of comprehensive income

Amounts in USD thousands	Notes	Fourth quarter		Fourth quarter YTD	
		2023	2022	2023	2022
<b>Profit / loss(-) for the period</b>		<b>-13,097</b>	<b>6,960</b>	<b>-7,778</b>	<b>-15,858</b>
<b>Other comprehensive income</b>					
Cash flow hedges, gross amount		3,344	7,656	2,150	-3,541
Cash flow hedges, related tax		1,115	-1,531	717	708
Total change in hedging reserve, net of tax		<b>4,459</b>	<b>6,125</b>	<b>2,867</b>	<b>-2,833</b>
Currency translation differences - foreign operations		3,445	-2,088	5,099	-1,766
<b>Total items that may be reclassified subsequently to profit or loss(-), net of tax</b>		<b>7,904</b>	<b>4,037</b>	<b>7,966</b>	<b>-4,599</b>
Remeasurement gain loss(-) net defined benefit liability		-120	4,158	13	3,395
Deferred tax of remeasurement gain loss(-) net defined benefit liability		-40	-850	4	-639
<b>Total items that will not be reclassified to profit or loss(-), net of tax</b>		<b>-160</b>	<b>3,308</b>	<b>17</b>	<b>2,756</b>
<b>Total other comprehensive income / loss(-) for the period, net of tax</b>		<b>7,744</b>	<b>7,345</b>	<b>7,982</b>	<b>-1,843</b>
<b>Total comprehensive income / loss(-)</b>		<b>-5,353</b>	<b>14,306</b>	<b>204</b>	<b>-17,701</b>
<b>Profit / loss(-) attributable to:</b>					
Equity holders of the parent		-5,353	14,306	204	-17,701

## Unaudited condensed consolidated interim statement of financial position

<i>Amounts in USD thousands</i>	<i>Notes</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets		28,922	32,300
Property, plant and equipment	3.1	214,834	217,675
Other intangible assets		148,471	156,427
Right-of-use assets		32,538	32,745
Goodwill	3.2	287,848	278,112
Other non-current assets	5.2	21,853	8,041
<b>Total non-current assets</b>		<b>734,465</b>	<b>725,301</b>
<b>Current assets</b>			
Prepaid company tax		884	1,213
Inventories		241,041	182,740
Trade receivables and other current assets	4.1	290,998	170,096
Derivative financial instruments	4.1	2,759	3,703
Current financial assets	4.1	1,500	41,984
Contract assets		39,237	123,685
Cash and cash equivalents	4.1	62,524	47,336
<b>Total current assets</b>		<b>638,943</b>	<b>570,758</b>
<b>TOTAL ASSETS</b>		<b>1,373,408</b>	<b>1,296,059</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		0	0
Share premium		601,539	601,539
Other equity		15,147	-2,801
Retained earnings		-25,499	-17,721
<b>Total equity</b>		<b>591,187</b>	<b>581,017</b>
<b>Non-current liabilities</b>			
Non-current borrowings	4.3	315,175	262,640
Non-current lease liabilities		29,266	25,900
Employee benefit obligations		19,154	18,797
Deferred tax liabilities		21,541	22,687
Non-current provisions	5.1	4,964	734
Contingent considerations	5.4	9,413	-
Other non-current liabilities	4.1	1,945	5,620
<b>Total non-current liabilities</b>		<b>401,458</b>	<b>336,377</b>
<b>Current liabilities</b>			
Current borrowings	4.3	25,453	39,204
Current lease liabilities		8,678	8,927
Current tax liabilities		7,869	6,452
Current provisions	5.1	13,933	15,754
Trade payables and other current liabilities	4.1	225,246	244,722
Contract liabilities		98,257	57,639
Derivative financial instruments	4.1	1,326	5,967
<b>Total current liabilities</b>		<b>380,763</b>	<b>378,665</b>
<b>Total liabilities</b>		<b>782,221</b>	<b>715,042</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,373,408</b>	<b>1,296,059</b>

Amsterdam, February 13, 2024

  
 Thomas McGee  
 (Chief Financial Officer)

## Unaudited condensed consolidated interim statement of cash flows

Amounts in USD thousands	Notes	Fourth quarter		Fourth quarter YTD	
		2023	2022	2023	2022
Cash flow from operating activities					
Profit / loss(-) before tax		-7,003	3,672	8,109	-7,812
Adjustments for:					
Net finance income and expenses		21,058	8,537	49,245	38,098
Share-based payment expense		411	-	5,891	
Foreign exchange gain and loss(-)		-5,353	-1,262	-2,567	-5,050
Other net finance cost / income (-)		1,162	586	-1,458	2,344
Depreciation, amortization and impairment		13,926	12,091	46,596	47,590
Impairment of financial assets		16,002	-	16,002	-
Gain (-) / loss on disposal of assets		30	-49	30	-1,795
Profit (-) / loss from joint ventures and associates		-	-	-	-168
Sum Adjustments		40,233	23,575	121,848	73,206
Changes in working capital:					
Decrease/increase(-) in trade receivables and other current assets		-90,526	-35,199	-119,958	-44,467
Decrease/increase(-) in inventories		-19,274	-18,511	-58,301	-1,165
Increase/decrease(-) in trade payables and other liabilities		-10,650	59,754	-25,937	85,435
Decrease/increase(-) in contract assets		78,659	-22,480	84,448	-30,977
Increase/decrease(-) in contract liabilities		24,944	-2,611	40,618	-37,468
Other changes		23,296	1,852	28,315	-12,819
Sum Changes in working capital		6,449	-17,196	-50,815	-41,461
Interest paid		-7,938	-4,764	-26,159	-18,604
Interest paid for leases		-948	-481	-2,223	-2,130
Interest received		443	713	2,592	2,401
Income taxes paid		-3,074	865	-11,909	-3,721
Net cash from / used in (-) operating activities		35,165	2,713	33,334	9,693
Cash flow from investing activities					
Purchase of property, plant and equipment		-3,258	-5,868	-14,116	-7,534
Payments for capitalized development expenses		-5,497	-7,159	-10,541	-7,457
Proceeds from sale of property, plant and equipment		116	-	119	1,056
Acquisition of subsidiaries, net of cash acquired		-	-	-	-3,255
Sale of subsidiaries, net of cash		-	-	-	1,739
Net cash flow from / used in (-) investing activities		-8,638	-13,028	-24,539	-15,452
Cash flow from financing activities					
Proceeds from borrowings		171,928	8,000	222,984	158,000
Payment of borrowings		-168,705	-7,777	-197,261	-185,011
Payment of borrowing cost		-11,130	-202	-11,243	-4,105
Payment of lease liabilities		-1,404	-1,400	-7,102	-6,439
Net cash flow from / used in (-) financing activities		-9,311	-1,379	7,378	-37,555
Effect of exchange rate changes on cash and cash equivalents		894	4,614	-986	-1,073
Net increase / decrease (-) in cash and cash equivalents		18,109	-7,079	15,188	-44,389
Cash and cash equivalents at the beginning of the period		44,414	54,415	47,336	91,725
Cash and cash equivalents at the end of the period		62,524	47,336	62,524	47,336

## Unaudited condensed consolidated interim statement of changes in equity

### For the twelve months ended December 31, 2023

Amounts in USD thousands	Share capital <sup>1)</sup>	Share premium	Hedging reserve	Reserves			Retained earnings	Total equity
				Pension remeasurement reserve	Share-based payments	Currency translation reserve		
Equity as of December 31, 2022	0	601,539	-1,770	2,019	-	-3,051	-17,721	581,016
Profit / loss(-) for the period	-	-	-	-	-	-	-7,778	-7,778
Other comprehensive income	-	-	2,867	17	-	5,099	-	7,982
Share-based payments <sup>2)</sup>	-	-	-	-	9,967	-	-	9,967
<b>Total comprehensive income / loss(-)</b>	<b>0</b>	<b>601,539</b>	<b>1,097</b>	<b>2,036</b>	<b>9,967</b>	<b>2,048</b>	<b>-25,499</b>	<b>591,187</b>
<b>Equity as of December 31, 2023</b>	<b>0</b>	<b>601,539</b>	<b>1,097</b>	<b>2,036</b>	<b>9,967</b>	<b>2,048</b>	<b>-25,499</b>	<b>591,187</b>

<sup>1)</sup> Share capital is USD 0.003 thousand at December 31, 2023

<sup>2)</sup> During Q4 2023, the Group re-assessed its share-based incentive program to employees and key management. Based on changes in expectation of the settlement, it was reclassified from cash-settled to equity-settled with a resulting reclassification from liability to equity.

### For the twelve months ended December 31, 2022

Amounts in USD thousands	Share capital <sup>1)</sup>	Share premium	Hedging reserve	Reserves			Retained earnings	Total equity
				Pension remeasurement reserve	Share-based payments	Currency translation reserve		
Equity as of 31 December, 2021	0	601,539	1,063	-737	-	-1,285	-1,863	598,717
Profit / loss(-) for the period	-	-	-	-	-	-	-15,858	-15,858
Other comprehensive income	-	-	-2,833	2,756	-	-1,766	-	-1,843
<b>Total comprehensive income / loss(-)</b>	<b>0</b>	<b>601,539</b>	<b>-1,770</b>	<b>2,019</b>	<b>-</b>	<b>-3,051</b>	<b>-17,721</b>	<b>581,016</b>
<b>Equity as of December 31, 2022</b>	<b>0</b>	<b>601,539</b>	<b>-1,770</b>	<b>2,019</b>	<b>-</b>	<b>-3,051</b>	<b>-17,721</b>	<b>581,016</b>

<sup>1)</sup> Share capital is USD 0.003 thousand at December 31, 2022

## Section 1 - Background

### Note 1 General information

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#### 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.

#### 1.2 Basis of preparation

The interim condensed consolidated financial statements for the twelve months ended December 31, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all of the information and disclosure required for a complete set of annual consolidated financial statements and should be read in conjunction with HMH's Annual Report 2022. The accounting policies applied in this interim financial statements are the same as those applied in the Group's consolidated financial statement for the year ended December 31, 2023 which were prepared according to IFRS as approved by the EU.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

The interim condensed consolidated financial statements for the three and twelve months ended December 31, 2023 are unaudited.

**Section 2 - Operating performance**  
**Note 2.1 - Revenue from contracts with customers**

**Revenue types**

	Fourth quarter		Fourth quarter YTD	
<i>Amounts in USD thousands</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue from contract with customers</b>	205,314	195,780	771,431	676,326
<b>Other revenue and income</b>				
Lease revenue	185	93	465	425
Other income	2,803	115	13,653	460
Gain / Loss (-) on disposal of fixed assets	30	49	30	55
<b>Total revenue and other income</b>	<b>208,332</b>	<b>196,037</b>	<b>785,580</b>	<b>677,267</b>

**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. HMM has two operating segments: Equipment and System Solutions (ESS) and Pressure Control Systems (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 in 2021.

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) in 2021.

**Fourth quarter 2023**

<i>Amounts in USD thousands</i>	<b>ESS</b>	<b>PCS</b>	<b>Total</b>
<b>Major contract/revenue types</b>			
Construction revenue	11,300	26,006	37,306
Service revenue	51,078	43,663	94,741
Sale of products	35,495	40,791	76,285
<b>Total revenue and other income</b>	<b>97,873</b>	<b>110,460</b>	<b>208,332</b>

**Timing of revenue recognition**

Transferred over time	62,378	69,669	132,046
Transferred at point in time	35,495	40,791	76,286
<b>Total revenue and other income</b>	<b>97,873</b>	<b>110,460</b>	<b>208,332</b>

**Fourth quarter YTD 2023**

<i>Amounts in USD thousands</i>	<b>ESS</b>	<b>PCS</b>	<b>Total</b>
<b>Major contract/revenue types</b>			
Construction revenue	48,169	101,731	149,900
Service revenue	155,862	162,188	318,050
Sale of products	176,337	141,293	317,630
<b>Total revenue and other income</b>	<b>380,368</b>	<b>405,212</b>	<b>785,580</b>

**Timing of revenue recognition**

Transferred over time	204,031	263,918	467,950
Transferred at point in time	176,337	141,293	317,630
<b>Total revenue and other income</b>	<b>380,368</b>	<b>405,212</b>	<b>785,580</b>

**Note 2.1 - Revenue from contracts with customers (Continued)**

<b>Fourth quarter 2022</b>			
<i>Amounts in USD thousands</i>	<b>ESS</b>	<b>PCS</b>	<b>Total</b>
<b>Major contract/revenue types</b>			
Construction revenue	20,669	2,716	23,385
Service revenue	67,327	72,673	140,000
Sale of products	22,086	10,566	32,652
<b>Total revenue and other income</b>	<b>110,082</b>	<b>85,955</b>	<b>196,037</b>
<b>Timing of revenue recognition</b>			
Transferred over time	87,996	75,389	163,385
Transferred at point in time	22,086	10,566	32,652
<b>Total revenue and other income</b>	<b>110,082</b>	<b>85,955</b>	<b>196,037</b>
<b>Fourth quarter YTD 2022</b>			
<i>Amounts in USD thousands</i>	<b>ESS</b>	<b>PCS</b>	<b>Total</b>
<b>Major contract/revenue types</b>			
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
<b>Total revenue and other income</b>	<b>386,626</b>	<b>290,641</b>	<b>677,267</b>
<b>Timing of revenue recognition</b>			
Transferred over time	322,798	256,130	578,928
Transferred at point in time	63,828	34,511	98,339
<b>Total revenue and other income</b>	<b>386,626</b>	<b>290,641</b>	<b>677,267</b>

## Note 2.2 - Operating segments

HMH identifies its reportable segments and disclose segment information under IFRS 8 Operating Segments. See note 2.1 in this interim condensed consolidated financial statement for description of the operating segments.

### Fourth quarter 2023

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
External revenue and other income	97,873	110,460	208,332	-	-	208,332
Inter-segment revenue	4,415	2,752	7,167	-7,167	-	-
<b>Total revenue and other income</b>	<b>102,288</b>	<b>113,211</b>	<b>215,498</b>	<b>-7,167</b>	<b>-</b>	<b>208,332</b>
<b>Operating profit before interest, depreciation, amortization and impairment (EBITDA)</b>	<b>8,967</b>	<b>33,310</b>	<b>42,277</b>	<b>-</b>	<b>1,706</b>	<b>43,983</b>
Depreciation and amortization						-13,925
Impairment						-16,002
Net finance income/expense						-21,058
<b>Profit / loss(-) before tax</b>						<b>-7,003</b>

### Fourth quarter YTD 2023

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMH
<i>Income statement</i>						
External revenue and other income	380,368	405,212	785,579	-	-	785,579
Inter-segment revenue	8,284	7,948	16,232	-16,232	-	-
<b>Total revenue and other income</b>	<b>388,652</b>	<b>413,160</b>	<b>801,812</b>	<b>-16,232</b>	<b>-</b>	<b>785,579</b>
<b>Operating profit before interest, depreciation, amortization and impairment (EBITDA)</b>	<b>29,998</b>	<b>97,814</b>	<b>127,812</b>	<b>-</b>	<b>-7,860</b>	<b>119,952</b>
Depreciation and amortization						-46,596
Impairment						-16,002
Net finance income/expense						-49,245
Profit / loss(-) from joint ventures and associates						-
<b>Profit / loss(-) before tax</b>						<b>8,109</b>

## Note 2.2 - Operating segments (continued)

### Fourth quarter 2022

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMM
<i>Income statement</i>						
External revenue and other income	110,082	85,955	196,037	-	-	196,037
Inter-segment revenue	5,034	7,462	12,496	-12,496	-	-
<b>Total revenue and other income</b>	<b>115,116</b>	<b>93,417</b>	<b>208,533</b>	<b>-12,496</b>	<b>-</b>	<b>196,037</b>
<b>Operating profit before interest, depreciation, amortization and impairment</b>	<b>-1,155</b>	<b>19,816</b>	<b>18,661</b>	<b>-</b>	<b>5,641</b>	<b>24,302</b>
Depreciation and amortization						-12,091
Net finance income/expense						-8,540
<b>Operating profit / loss(-)</b>						<b>3,672</b>

### Fourth quarter YTD 2022

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarter	Total HMM
<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	-	-
<b>Total revenue and other income</b>	<b>393,995</b>	<b>301,226</b>	<b>695,221</b>	<b>-17,954</b>	<b>-</b>	<b>677,267</b>
<b>Operating profit before interest, depreciation, amortization and impairment</b>	<b>27,786</b>	<b>55,281</b>	<b>83,068</b>	<b>-</b>	<b>-5,361</b>	<b>77,707</b>
Depreciation and amortization						-47,590
Net finance income/expense						-38,098
Profit / loss(-) from joint ventures and associates						168
<b>Profit / loss(-) before tax</b>						<b>-7,812</b>

## Section 3 - Asset base

### 3.1 Property, plant and equipment

As of 31 December, 2023

<i>Amounts in USD thousands</i>	Buildings and land	Machinery, equipment, software	Assets under construction	Total
<i>Historical cost</i>				
<b>Balance as of January 1, 2023</b>	<b>155,278</b>	<b>82,171</b>	<b>1,398</b>	<b>238,847</b>
Additions	6,173	2,505	5,439	14,116
Reclassifications <sup>1)</sup>	34	-3,943	124	-3,785
Transfer from assets under construction	-	1,453	-1,453	-
Disposals and scrapping	-	-345	-	-345
Currency translation differences	4,839	1,832	187	6,858
<b>Balance as of December 31, 2023</b>	<b>166,325</b>	<b>83,673</b>	<b>5,695</b>	<b>255,692</b>

*Accumulated depreciation*

<b>Balance as of January 1, 2023</b>	<b>-7,848</b>	<b>-13,324</b>	<b>-</b>	<b>-21,172</b>
Depreciation for the period	-15,012	-3,876	-	-18,888
Disposals and scrapping	-	226	-	226
Currency translation differences	-262	-762	-	-1,023
<b>Balance as of December 31, 2023</b>	<b>-23,122</b>	<b>-17,736</b>	<b>-</b>	<b>-40,858</b>

<b>Net book value as of January 1, 2023</b>	<b>147,431</b>	<b>68,847</b>	<b>1,398</b>	<b>217,675</b>
<b>Net book value as of December 31, 2023</b>	<b>143,203</b>	<b>65,937</b>	<b>5,695</b>	<b>214,834</b>

<sup>1)</sup> Reclassification of USD -3,785 thousand is related to opening balance adjustment within fixed assets and intangible assets for balance alignment with sub-ledger.

As of 31 December 2022

	Buildings and land	Machinery, equipment, software	Assets under construction	Total
<i>Historical cost</i>				
<b>Balance as of January 1, 2022</b>	<b>152,377</b>	<b>78,512</b>	<b>651</b>	<b>231,540</b>
Additions	999	5,444	1,091	7,534
Reclassifications <sup>1)</sup>	-44	1,778	-100	1,634
Transfer from assets under construction	-	168	-168	-
Disposals and scrapping	-	-28	-	-28
Currency translation differences	1,946	-3,703	-76	-1,832
<b>Balance as of December 31, 2022</b>	<b>155,278</b>	<b>82,171</b>	<b>1,398</b>	<b>238,847</b>

*Accumulated depreciation*

<b>Balance as of January 1, 2022</b>	<b>989</b>	<b>2,318</b>	<b>-</b>	<b>3,306</b>
Depreciation for the period	6,147	13,877	-	20,025
Disposals and scrapping	-	-26	-	-26
Currency translation differences	711	-2,844	-	-2,133
<b>Balance as of December 31, 2022</b>	<b>7,848</b>	<b>13,325</b>	<b>-</b>	<b>21,171</b>

<b>Net book value as of January 1, 2022</b>	<b>151,388</b>	<b>76,194</b>	<b>651</b>	<b>228,233</b>
<b>Net book value as of December 31, 2022</b>	<b>147,431</b>	<b>68,846</b>	<b>1,398</b>	<b>217,675</b>

<sup>1)</sup> Reclassification of USD 1,634 thousand from Machinery, equipment and software to rights of use assets.

### 3.2 Intangible assets and goodwill

As of 31 December 2023

Amounts in USD thousands	Note	Development costs <sup>1)</sup>	Goodwill	Patents and rights	Customer relationship	Other intangible assets	Total
<i>Historical cost</i>							
<b>Balance as of January 1, 2023</b>		45,279	278,112	21,141	105,611	11,042	461,186
Additions		10,541	-	-	-	-	10,541
Reclassification and other changes <sup>3)</sup>		655	-	-	1,686	73	2,413
Adjustment <sup>2)</sup>		-	9,413	-	-	-	9,413
Currency translation differences		-486	323	-591	596	26	-133
<b>Balance as of December 31, 2023</b>		<b>55,989</b>	<b>287,848</b>	<b>20,550</b>	<b>107,893</b>	<b>11,140</b>	<b>483,421</b>
<i>Accumulated amortization and impairment</i>							
<b>Balance as of January 1, 2023</b>		-6,274	-	-4,500	-15,064	-809	-26,647
Amortization for the period		-5,444	-	-4,303	-9,423	-407	-19,576
Currency translation differences		-172	-	-87	-594	-26	-879
<b>Balance as of December 31, 2023</b>		<b>-11,890</b>	<b>-</b>	<b>-8,890</b>	<b>-25,081</b>	<b>-1,241</b>	<b>-47,102</b>
<b>Net book value as of January 1, 2023</b>		<b>39,005</b>	<b>278,112</b>	<b>16,641</b>	<b>90,547</b>	<b>10,233</b>	<b>434,539</b>
<b>Net book value as of December 31, 2023</b>		<b>44,099</b>	<b>287,848</b>	<b>11,660</b>	<b>82,812</b>	<b>9,899</b>	<b>436,319</b>

<b>Useful life (years)</b>	<b>3-5</b>	<b>Indefinite</b>	<b>3-5</b>	<b>3-5</b>	<b>3-5</b>
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<sup>1)</sup> Our ongoing R&D efforts are being orchestrated across multiple locations, including Norway, Germany, and the United States. These activities are primarily centered on several areas:

- R&D in adjoining industries and miscellaneous software development initiatives.
  - Collaborating with a prominent operator to formulate next-gen elastomers for sealing applications within the oilfield landscape, thereby extending beyond our current horizon.
  - Develop a novel solution to reduce the number of accumulator bottles required to meet new regulatory requirements in the Gulf of Mexico
- New R&D efforts for 2023 and beyond include developing a fully electric BOP for both offshore surface (platforms and jack-ups) and subsea use.

<sup>2)</sup> The increase in goodwill relates to contingent considerations. See note 5.4 for details.

<sup>3)</sup> Reclassification of USD 2,413 thousand is related to opening balance adjustment within fixed assets and intangible assets for balance alignment with sub-ledger in Hydril US.

As of 31 December 2022

Amounts in USD thousands	Note	Development costs	Goodwill	Patents and rights	Customer relationship	Other intangible assets	Total
<i>Historical cost</i>							
<b>Balance as of January 1, 2022</b>		43,310	277,157	19,594	105,255	4,541	449,857
Acquisition through business combinations		2,902	1,088	1,768	-	-	5,758
Capitalized development		803	-	38	-	6,616	7,457
Disposal and scrapping		-865	-	-	-	-	-865
Disposals of subsidiaries		-47	-	-	-	-	-47
Currency translation differences		-824	-133	-259	356	-115	-974
<b>Balance as of December 31, 2022</b>		<b>45,279</b>	<b>278,112</b>	<b>21,141</b>	<b>105,611</b>	<b>11,042</b>	<b>461,186</b>
<i>Accumulated amortization and impairment</i>							
<b>Balance as of January 1, 2022</b>		-695	-	-884	-3,583	71	-5,092
Amortization for the period		-5,367	-	-3,767	-11,113	-831	-21,078
Disposal and scrapping		288	-	-	-	-31	258
Currency translation differences		-499	-	152	-367	-18	-733
<b>Balance as of December 31, 2022</b>		<b>-6,274</b>	<b>-</b>	<b>-4,500</b>	<b>-15,064</b>	<b>-809</b>	<b>-26,646</b>
<b>Net book value as of January 1, 2022</b>		<b>42,615</b>	<b>277,157</b>	<b>18,710</b>	<b>101,672</b>	<b>4,612</b>	<b>444,765</b>
<b>Net book value as of December 31, 2022</b>		<b>39,005</b>	<b>278,112</b>	<b>16,642</b>	<b>90,547</b>	<b>10,233</b>	<b>434,540</b>
<b>Useful life (years)</b>		<b>3-5</b>	<b>Indefinite</b>	<b>3-5</b>	<b>3-5</b>	<b>3-5</b>	

## Section 4 - Financial instruments, risk and capital management

### 4.1 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.

As of 31 December 2023

<i>Amounts in USD thousands</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Financial instruments measured at fair value</b>	<b>Level in fair value hierarchy</b>
<b>31.12.2023</b>				
<b>Financial assets measured at fair value</b>				
<i>Fair value- hedging instruments</i>				
Derivative financial instruments		2,759	2,759	Level 2
<b>Financial assets not measured at fair value</b>				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents		62,524		
Current financial assets		1,500		
Trade receivables and other current assets		290,998		
<b>Financial assets</b>		<b>357,781</b>	<b>2,759</b>	

<i>Amounts in USD thousands</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Financial instruments measured at fair value</b>	<b>Level in fair value hierarchy</b>
<b>31.12.2023</b>				
<b>Financial liabilities measured at fair value</b>				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments		1,326	1,326	Level 2
<b>Financial liabilities not measured at fair value</b>				
<i>Financial liabilities at amortized cost</i>				
Borrowings		340,628		
<i>Other financial liabilities</i>				
Other non-current liabilities		1,945		
Trade payables and other current liabilities		225,246		
Provisions		18,897		
<b>Financial liabilities</b>		<b>588,043</b>	<b>1,326</b>	

#### 4.1 Financial instruments (continued)

As of 31 December 2022

<i>Amounts in USD thousands</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Financial instruments measured at fair value</b>	<b>Level in fair value hierarchy</b>
<b>31.12.2022</b>				
<b>Financial assets measured at fair value</b>				
<i>Fair value- hedging instruments</i>				
Derivative financial instruments		3,703	3,703	Level 2
<b>Financial assets not measured at fair value</b>				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents		47,336		
Current financial assets		41,984		
Trade receivables and other current assets		133,302		
<b>Financial assets</b>		<b>226,325</b>	<b>3,703</b>	

<i>Amounts in USD thousands</i>	<i>Note</i>	<b>Carrying amount</b>	<b>Financial instruments measured at fair value</b>	<b>Level in fair value hierarchy</b>
<b>31.12.2022</b>				
<b>Financial liabilities measured at fair value</b>				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments		5,967	5,967	Level 2
<b>Financial liabilities not measured at fair value</b>				
<i>Financial liabilities at amortized cost</i>				
Borrowings		301,844		
<i>Other financial liabilities</i>				
Other non-current liabilities		5,620		
Trade payables and other current liabilities		244,722		
Provisions		16,488		
<b>Financial liabilities</b>		<b>574,640</b>	<b>5,967</b>	

## 4.2 Finance income and finance expenses

Amounts in USD thousands

	Fourth quarter		Fourth quarter YTD	
	2023	2022	2023	2022
Interest income on bank deposits measured at amortized cost	443	713	2,592	2,401
Interest income on finance lease receivables	92	-	92	-
Foreign exchange gain	4,311	-	11,362	7,995
Other finance income	476	2,638	1,100	2,960
<b>Finance income</b>	<b>5,322</b>	<b>3,351</b>	<b>15,146</b>	<b>13,355</b>
Interest expense on financial liabilities measured at amortized cost	-11,899	-8,152	-41,635	-28,863
Interest expense on lease liabilities	-905	-481	-2,180	-2,130
Gain / loss(-) on foreign currency forward contracts	-	44	-	-247
Foreign exchange loss	-5,172	-2,110	-10,698	-14,847
Other financial expenses <sup>1)</sup>	-8,405	-1,193	-9,877	-5,367
<b>Finance expenses</b>	<b>-26,380</b>	<b>-11,891</b>	<b>-64,390</b>	<b>-51,453</b>
<b>Net finance expenses recognized in profit and loss(-)</b>	<b>21,058</b>	<b>8,540</b>	<b>49,244</b>	<b>-38,098</b>
<b>Profit / loss(-) from equity-accounted investees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>

<sup>1)</sup> Other financial expense relates to bank fees.

### 4.3 Borrowings

Below are contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortized cost.

As of 31 December 2023

<i>Amounts in USD thousand</i>	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Bond loan HMM01	USD	-	-	7.00%		Feb 2025	LIBOR + Margin
Bond loan HMM02	USD	200,000	198,928		9.875%	Nov 2026	Fixed rate
Shareholder loan	USD	119,587	119,587		8.00%	Oct 2025	Fixed rate
Revolving Credit Facility (USD 80 million)	USD	45,000	-	4.00%		Feb 2024	LIBOR + Margin
Revolving Credit Facility 2023 (USD 22 million)	USD	22,000	21,128	3.75%		May 2026	SOFR + Margin
Credit line China	RMB	7,704	984			Jul 2024	China LPR + Margin
<b>Total borrowings</b>			<b>340,628</b>				
<b>Current borrowings</b>			<b>25,453</b>				25,453
<b>Non-current borrowings</b>			<b>315,175</b>				315,175
<b>Total borrowings</b>			<b>340,628</b>				<b>340,628</b>

HMM Holding B.V. is the direct borrower of the bonds, shareholder loan and the revolving credit facilities in the table above.

MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd is the borrower of the Credit Line China.

#### Bonds

The Bond loan (ISIN code: NO0012428996) was refinanced on November 30, 2023. HMM Holding BV issued on November 30, 2023 a bond (ISIN code: NO0012428996) of USD 200 million with a 3-year tenor and a fixed coupon of 9.875 % per annum. The Group intends to list the bond on the Oslo Stock Exchange in Q1 2024. The terms and conditions include restrictions which are customary for these kinds of debt instruments, 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.

The existing bond was repaid at 104.71562% of the nominal amount (plus accrued and unpaid interest of the redeemed amount) on November 28, 2023.

<i>Amounts in USD thousand</i>	01.01.2023	Cash flows	Interest	Amortization	Capitalized borrowing costs	31.12.2023
Term loan facility	35,684	-39,226	-	3,542	-	-
Bond loan HMM01 <sup>1)</sup>	147,858	-150,000	-	2,142	-	-
Bond loan HMM02		200,000	2,469	101	-3,642	198,928
Shareholder loan <sup>2)</sup>	110,266	-	9,321	-	-	119,587
Revolving Credit Facilities	8,035	-8,035	-	-	-	-
Revolving credit facilities 2023	-	22,000	-	25	-897	21,128
Credit Line China	-	984	-	-	-	984
<b>Total liabilities arising from financing activities</b>	<b>301,843</b>	<b>25,723</b>	<b>11,790</b>	<b>5,810</b>	<b>-4,539</b>	<b>340,628</b>

<sup>1)</sup> The bond loan of USD 150 million has been refinanced by the issuance of new bond loan of USD 200 million on November 28, 2023. As part of our refinancing, we recorded a one-time charge of USD 10 million related to unamortized debt costs and premium paid for early extinguishment of the previous bond.

<sup>2)</sup> As part of the consideration paid to Akastor and Baker Hughes in relation to the creation of the joint venture, it was established a shareholder loans to Akastor and Baker Hughes. The total amount of the shareholder loan is USD 100 million, and the Group expects that it 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 HMM.

### 4.3 Borrowings (continued)

As of 31 December 2022

<i>Amounts in USD thousand</i>	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Revolving credit facility (USD 80 million)	USD	8,000	8,035	4%		Feb 2024	LIBOR + Margin
Bond	USD	-	147,858	7%		Feb 2025	LIBOR + Margin
Term loan Tranche A	USD	29,167	26,838	4%		Feb 2024	LIBOR + Margin
Term loan Tranche B	USD	9,722	8,846	5%		Feb 2024	LIBOR + Margin
Shareholder loan	USD	110,266	110,267		8%	Oct 2025	Fixed rate
<b>Total borrowings</b>			<b>301,844</b>				
<b>Current borrowings</b>			39,204				
<b>Non-current borrowings</b>			262,640				
<b>Total borrowings</b>			<b>301,844</b>				-

HMH Holding B.V. is the direct borrower of all of the loans above.

#### Reconciliation of liabilities arising from financing activities

<i>Amounts in USD thousand</i>	01.01.2022	Cash flows	Interest	Amortization	Capitalized borrowing costs	31.12.2022
Term loan facility	66,140	-30,810	-	592	-237	35,684
Bridge loan facility	148,808	-150,000	-	1,192	-	-
Bond	-	150,000	-	740	-2,882	147,858
Shareholder loan <sup>1)</sup>	102,000	-	8,266	-	-	110,267
Revolving Credit Facilities	-	8,000	35	-	-	8,035
<b>Total liabilities arising from financing activities</b>	<b>316,948</b>	<b>-22,810</b>	<b>8,301</b>	<b>2,523</b>	<b>-3,119</b>	<b>301,844</b>

<sup>1)</sup> As part of the consideration paid to Akastor and Baker Hughes in relation to the creation of the joint venture, it was established a shareholder loans to Akastor and Baker Hughes. The total amount of the shareholder loan is USD 100 million, and the Group expects that it 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 - Other information

### 5.1 Provisions

<i>Amounts in USD thousands</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
Provisions, current	13,933	15,754
Provisions, non-current	4,964	734
<b>Total provisions</b>	<b>18,897</b>	<b>16,488</b>

Provisions mainly consist of Warranties, Restructuring provision and other provisions.

#### **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.

#### **Restructuring**

The non-current provisions encompass a restructuring provision specific to MHWirth AS. The restructuring primarily pertains to substantial workforce decrease and reorganization within MHWirth, driven by the challenging rig market conditions. This provision incorporates unoccupied office premises subsequent to the decrease in workforce and is appraised based on the comprehensive restructuring plans for the affected businesses and locations. Due to more adverse market conditions, additional restructuring provision was provided in 2023.

The decrease of the restructuring provision occurs on a monthly basis.

#### **Other provisions**

Provisions in Hydril USA Distribution LLC were:

- USD 4 million environmental reserve for estimated remediation costs for two plants.
- USD 2 million other provisions

## 5.2 Related party transactions

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%).

Related parties for the HMH Group are the shareholders and the entities in the Akastor Group and Baker Hughes Group.

As of 31 December 2023

	Baker Hughes Holding LLC	GE Drilling Services LLC	Akastor AS	Other Baker-Hughes companies	Other Akastor companies	Total
<i>Amounts in USD thousands</i>						
<b>Period January 1, 2023 - December 31, 2023</b>						
<b>Income statement</b>						
Revenue	-	339	5,941	123	-	<b>6,402</b>
Net financial items	-6,974	-	-1,517	-	-	<b>-8,491</b>
<b>Balance as of December 31, 2023</b>						
Interest-bearing receivables	-	-	1,500	540	-	<b>2,040</b>
Trade receivables	-	230	-	174	-	<b>403</b>
Trade payables	-	-	-	110	-	<b>110</b>
Borrowings / shareholder loans	95,670	-	23,917	-	-	<b>119,587</b>
Indemnification asset <sup>2)</sup>	-	-	20,414	-	-	<b>20,414</b>
Current receivable related party <sup>1)</sup>	3,970	-	4,007	-	-	<b>7,976</b>
Contingent considerations <sup>3)</sup>	666	-	8,747	-	-	<b>9,413</b>

<sup>1)</sup> It is included as part of Other current assets. It consists of receivable against Akastor and Baker-Hughes resulting from the settlement of the acquisition of MHWirth and Subsea Drilling Systems, respectively.

<sup>2)</sup> 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 of USD 19.9 million as a non-current asset and USD 1.5 million as a current asset.

<sup>3)</sup> See note 5.4 for details.

### Related party transactions

#### Akastor

- Akastor has provided a shareholder loan to HMH of total USD 20 million in 2021. This is a long-term loan provided to finance the Groups operating and finance activities. The closing balance includes the initial loan amount and the capitalized interest, see Note 4.3 for details.
- Akastor has provided a seller's credit for Step Oiltools related to carve-out of Step Oiltools prior to the merger. During fourth quarter HMH assessed recoverability of notes receivable which was subject to liquidation proceeds from sale of Step Oiltools. Management of HMH started the liquidation process in 2023 and does not believe that net proceeds from the sale of Step Oiltools would yield net cashflows to satisfy the notes receivable and as such recorded a one-time charge of USD 16 million to impair the receivables to null.
- As part of the merger, Akastor is responsible for the pension liability from before the merger. Hence, HMH has a receivable of USD 20.4 million receivable towards Akastor.
- HMH agreed to pay consideration to the shareholders upon utilization of the deferred tax assets that were acquired as part of the formation of HMH. See note 5.4 for details.

#### Baker Hughes

- Baker Hughes has provided a shareholder loan to HMH of total USD 80 million in 2021. This is a long-term loan provided to finance the Groups operating and finance activities. The closing balance includes the initial loan amount and the capitalized interest, see Note 4.3 for details.
- HMH agreed to pay consideration to the shareholders upon utilization of the deferred tax assets that were acquired as part of the formation of HMH.

## 5.2 Related party transactions (continued)

As of 31 December 2022

	Baker Hughes Holding LLC	GE Drilling Services LLC	GEO Oil and Gas Australia Pty Ltd	Akastor AS	Aker Solution AS	Other Baker-Hughes companies	Other Akastor companies	Total
<i>Amounts in USD thousands</i>								
<b>Period January 1, 2022 - December 31, 2022</b>								
<b>Income statement</b>								
Revenue	-	-	164	2,924	1,660	-	108	<b>4,856</b>
Net financial items	-6,200	-	-	-2,067	-	-	-	<b>-8,266</b>
<b>Balance as of December 31, 2022</b>								
Interest-bearing receivables	-	-	-	17,428	-	-	-	<b>17,428</b>
Trade receivables	-	4,559	-	-	-	32	543	<b>5,134</b>
Trade payables	-	-	1,892	-	-	241	314	<b>2,447</b>
Lease liability related party	-	-	-	-	-	-	-	<b>-</b>
Borrowings / shareholder loans	88,213	-	-	22,053	-	-	-	<b>110,267</b>
Indemnification asset	-	-	-	24,556	-	-	-	<b>24,556</b>
Non-current receivable related party <sup>1)</sup>	3,453	-	-	3,486	-	-	-	<b>6,939</b>

### Related party transactions

#### Akastor

- Akastor has provided a shareholder loan to HMH of total USD 20 million in 2021. This is a long-term loan provided to finance the Group's operating and finance activities. (See note 4.3)
- 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, so called carved-out pension. Hence, HMH has a receivable of USD 27.9 million receivable towards Akastor as of June 30, 2022.

#### Baker Hughes

- Baker Hughes has provided a shareholder loan to HMH of total USD 80 million in 2021. This is a long-term loan provided to finance the Group's operating and finance activities. (See note 4.3)

### **5.3 Income tax**

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The Group's effective tax rates for the three and twelve months ended December 31, 2023 and 2022 were negatively impacted by the changes in the unrecognized deferred tax assets related to losses in certain jurisdictions for which the Group cannot currently recognize a tax benefit. The effective tax rates were also impacted by the Group's US income and losses which are taxed to Baker Hughes and Akastor, certain withholding taxes, as well as differences in tax rates in the jurisdictions in which we operate. The effective tax rates for the periods ending December 31, 2022 and were also impacted by these same items.

### **5.4 Commitments, contingencies and contingent considerations**

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Our contingent consideration includes approximately USD 9.4 million associated with our deferred tax assets that were acquired as part of the formation of HHM and is payable to our shareholders upon utilization. Commitments and contingencies are liabilities recorded on the balance sheet.

There is no other commitments or contingencies as of December 31, 2023 or 2022.

### **5.5 Subsequent events**

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#### **Adjusting and non-adjusting events**

As of the signing date of interim condensed consolidated financial statement, no subsequent events are noted which require adjustments in the interim condensed consolidated financial statements or to be disclosed.