Annual Report
2024
HMH Holding B.V.

Content

HMH Management Report 2024

For the year ended 31 December 2024

April 28, 2025

Management report

The Directors of HMH Holding B.V. (the Company) hereby present their report for the financial year ended on 31 December 2024.

The management report also covers the development of the business, the results of operation, the financial position of HMH (the Group) and the effects of its activities. Furthermore, the report covers the proper understanding of the business model of the Group and its policies including anti bribery policy, environment, social and personnel affairs (referring to section Environmental and personnel-related information), respect for human rights and know your customer policy (KYC).

The report herein may contain certain forward-looking statements relating to the Company, and consolidated subsidiaries (the Group) that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

These forward-looking statements reflect the Group's views at the time such statement was made with respect to future events and are not a guarantee of future performance or developments.

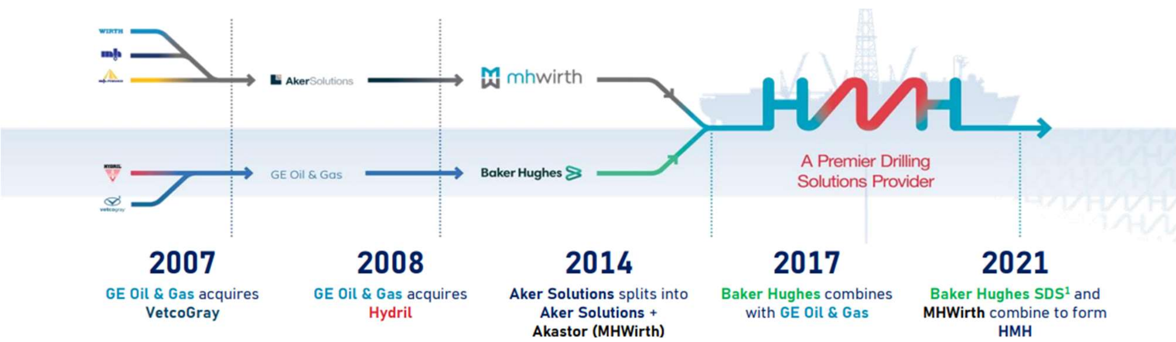
Overview and outlook

Business overview

The Company was incorporated as a limited liability company on April 28, 2021 and is organized and existing under the laws of the Netherlands. In total HMH Holding B.V. has issued 200 shares with a nominal value of 1 EUR leaving HMH Holding B.V. with a share capital of EUR 200.

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 the Company and its subsidiaries.

The Company is seated in Amsterdam and is registered in the Chamber of Commerce with CCI number 82719322, RSIN number 862578796.



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

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

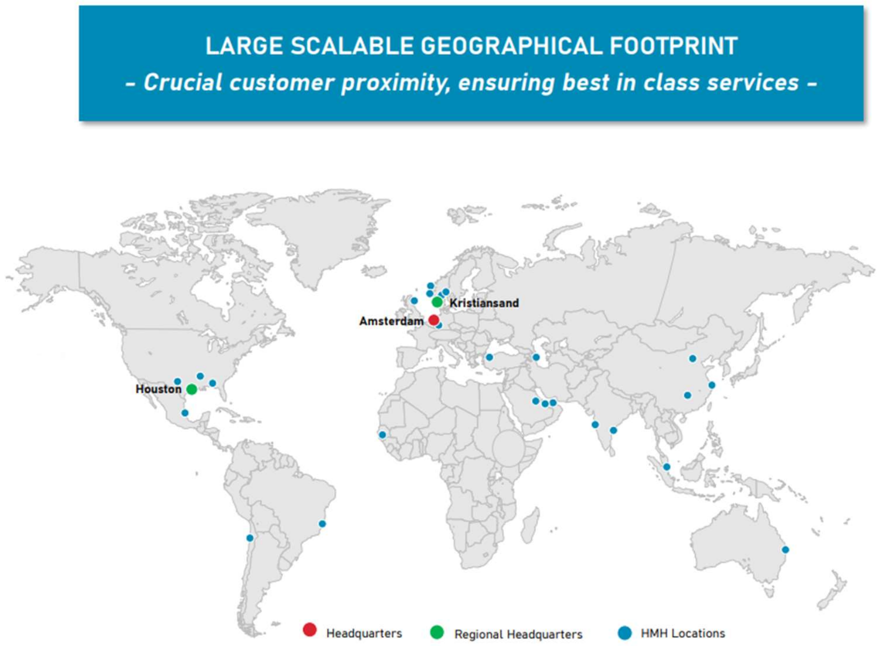
with and for the benefit of third parties, as well as any and all things that are related or may be conducive to the above, all of this in the broadest sense of the word.

The Group objective is to be a premium drilling solution provider – delivering a broad portfolio of products and services that are designed to be among the safest and most capable and reliable in the industry. In addition to land and offshore drilling capabilities, the Group has technologies and products that can be utilized in subsea mining, geothermal, onshore, and offshore construction, and the onshore wind industry.

HMH Holding B.V. is the parent company of the Group. The Group has ~2,100 employees globally, with operations across Europe, North America, Central and South America, the Middle East, Asia, Africa and Australia.[1]

Our Global Presence

The Group is a global company, with locations in 16 countries and sales in over 90 countries in 2024. The Group is headquartered in Amsterdam, Netherlands, with two major regional operational centers located close to key offshore areas in Houston, Texas, USA, and Kristiansand, Norway. In addition to our sales offices and direct sales efforts, the Group incorporates distributors and manufacturing sales representatives into the Group's sales and marketing channels in certain limited locations to market the Group's various offerings.



[1] Note 2.5 and 6.2 in the consolidated financial statements for further details

The Group delivers global full-service offshore and onshore drilling equipment 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 Group has two operating segments: Equipment and System Solutions (ESS) and Pressure Control Systems (PCS). The segments are managed by the Chief Operating Decision Maker (CODM), who is our Chief Executing Officer, and offer different products and services. However, the Group, via its two segments, provides global full-service delivery to customers in the same market segments, including the main categories of products and services discussed below.

ESS is a supplier of drilling solutions and complete top side drilling packages and services to both onshore and offshore oil and gas producers and drilling contractors, which includes overhaul, equipment installation and commissioning, services account management, 24/7 technical support, logistics, engineering upgrades, spare parts supply, training, condition-based maintenance, and other services. The ESS business consists of the legacy MHWirth business.

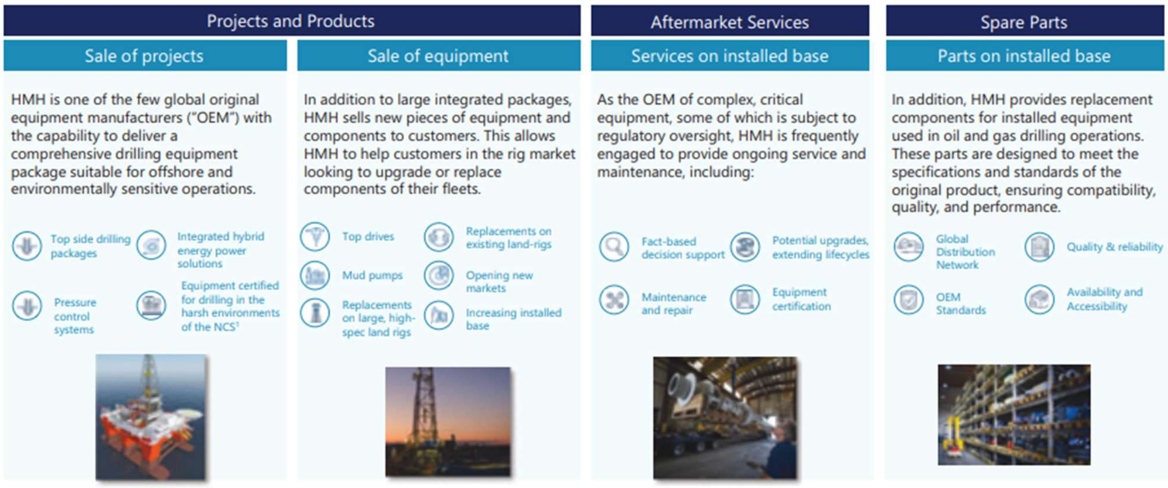
PCS is a supplier of integrated drilling products and services, and the key product offering consists of BOP systems, controls and drilling riser equipment, spare parts supply for rig operations and maintenance programs, overhaul and recertification and reactivation of rigs, technical and operational rig support which includes a 24/7 support center and Contractual Service Agreements/ Long Term Service Agreements. The PCS business consists of the legacy Subsea Drilling Systems business within Baker Hughes.

Main markets and business segment products and services

The Group is a leading provider of highly engineered, mission-critical equipment solutions, providing customers with a comprehensive portfolio of drilling equipment, services and systems utilized in oil and gas drilling operations, both offshore and onshore. Our global reach, technical expertise and innovative product offerings, coupled with our integrated operations from manufacturing to aftermarket services, allow us to provide customers with first class technology, engineering and project management services through the entire asset lifecycle of the equipment we provide. In addition, the Group is growing the portfolio of products and services to adjacent industries, such as mining. The complexity and criticality of our installed equipment drive customers to choose us for their aftermarket support, particularly in the offshore environment, which is subject to extensive local laws and regulation, including complex environmental laws, occupational health and safety laws and moratoriums on drilling.

The Group's comprehensive portfolio of offerings, supported by integrated delivery capabilities and broad range of applications, enables us to address a full range of customer priorities. The Group's offerings is broadly categorized as:

- **Sales of projects and products**. This includes (i) comprehensive drilling equipment packages containing a full suite of components needed for a newbuild or reactivated drilling rig and (ii) individual or grouped components of drilling and pressure control equipment that facilitate customers maintaining and upgrading their existing fleet.
- **Aftermarket services.** This includes services on installed equipment and integrated digital solutions. Our aftermarket services facilitate customers maintaining and improving the lifespan, safety and efficiency of their existing drilling rig fleets.
- **Sales of spare parts.** This includes replacement parts for installed equipment used in oil and gas drilling operations.



Drilling (offshore and onshore)

The Group is comprised of (1) ESS' s topside drilling equipment packages (top drives, draw works, derricks, etc.) mud systems, and drilling risers, and (2) PCS' pressure control equipment (blowout preventers (BOP), control systems, diverters, etc.) and drilling riser equipment. The Group's comprehensive portfolio serves all drilling segments, including floaters (semisubmersibles and drillships), jack-ups, platform rigs, and onshore rigs.

The Group's primary customers include rig builders and/or owner operators in all segments, such as drilling contractors, oil companies, and shipyards.

The Group's main product offering and key customers supports the following segments:

ESS

- Topside equipment, derrick handling, control systems and automated solutions, mud systems for floaters, jack-ups, platform rigs, and onshore rigs
- Risers for floaters

PCS

- Pressure control systems and BOPs for floaters, jack-ups, platform rigs, and onshore rigs

The Group's combined offering can be split into three main categories:

- Projects and products
- Aftermarket services (including rig intelligence/digital solutions)
- Spare parts

The project and products are provided across most drilling markets, either as single equipment sales or as part of larger construction projects.

Furthermore, the Group offers aftermarket services for installed products, such as intelligence/digital solutions, maintenance, and overhaul and repair, securing repeat business and stable income for the duration of the lifetime of a rig.

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 redeployed in new business segments to provide for additional revenue.

Finally, the Group provides a broad range of replacement and spare parts for installed equipment used in both onshore and offshore oil and gas drilling operations. The Group's spare parts replace existing installed components on rigs that have weathered the wear-and-tear involved with repetitive use throughout the lifecycle of a rig, especially in harsh offshore environments, and keep rigs functioning safely and efficiently. The Group's spare parts are compatible with the Group's current and growing base of equipment installations globally, and such spare parts are also compatible with, and can serve as replacements for, equipment from most other major OEMs.

Mining and Construction

For mining operators, the Group sells products and services directly to mining companies, and typically sells equipment directly to those engaged in hard rock mining operations, in particular.

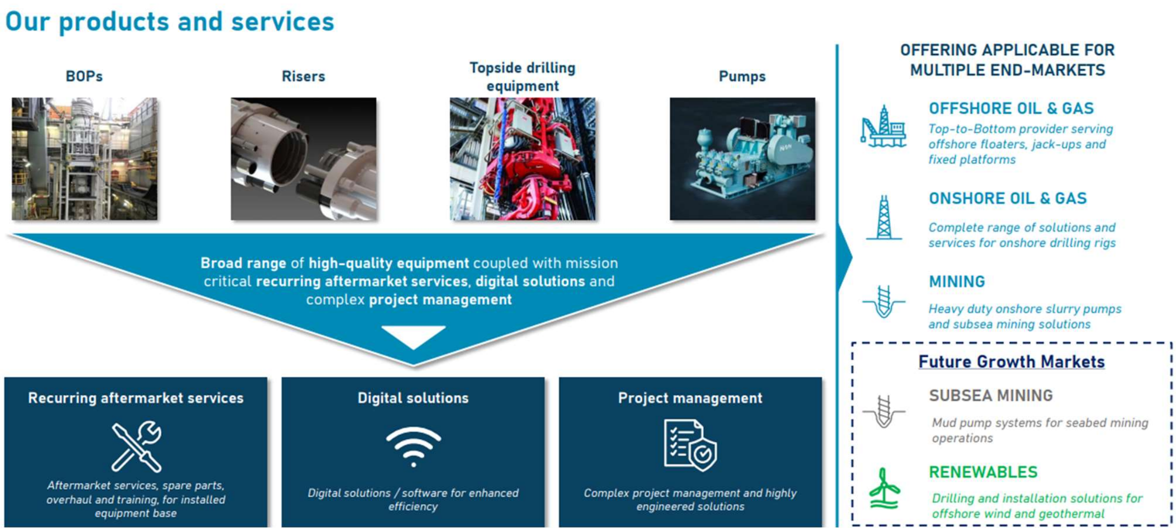
ESS participates in certain non-oil related industries, primarily through provision of products and services to the mining and construction segments. These include pile top drilling rigs, heavy duty slurry pumps and offshore mining equipment.

- Slurry pumps are the Group's mud pumps that have been redesigned to be utilized in the transport of slurry in mining applications.
- The pile top drilling rig (PBA) is an adjacent market for hard rock drilling in on - and offshore applications. The Group believes, it is a market leader with several PBAs sold.
- Subsea mining – the Group has provided equipment for a fleet of 5 drilling and mining vessels, all equipped with HMH drilling/mining systems.
- Seabed research – the Group has provided core sampling and methane hydrate investigation.

Opportunities in renewable markets

The Group has identified opportunities to leverage its expertise within sectors focused on energy transition. The Group has highlighted offshore wind, geothermal and digital solutions as three key areas of potential future growth. Opportunities in renewable industries are available in the following markets:

- Offshore wind - installation, operation & maintenance
- Digital solutions – SCADA, operational management systems, data collection & analytics
- Geothermal – drilling and controls



Outlook

The Group expects 2025 activity to remain at similar levels as in 2024 for both ESS and PCS business units, with growth anticipated in subsequent years. Further details on the trends and key drivers supporting this outlook are provided below.

Offshore Drilling

After low commodity prices and record-low levels of investment were seen between 2015 and 2021, the oil and gas industry experienced an increase in overall investments, rig demand and rig contracting activity in 2022 and 2023, supported by an increase in oil prices, and overall oil demand growth. In 2024 the Group continued to see growth in overall investments and overall rig demand. However, the Group also saw a slowdown in rig contracting activity. This was in great part because operators are managing delays in FPSO and equipment deliveries, trying to appease the pressure of financial markets, and looking to manage rig dayrates, which had significantly grown in the previous 2 years. With a slowdown in contracting activity, the industry started to see drops in utilization levels, and drilling contractors now have more contractual gaps in their 2025 rig schedules,

While some industry experts diverge in their views for 2025, with some now forecasting rig demand growth in some rig categories and drops in others (see Rystad's forecast figures shown in the text below), and other analysts forecasting small drops across all segments, they all agree that overall growth trends for floaters will reinvigorate in 2026 and continue for the subsequent years.

Rystad Energy expects floater demand to grow from 121 rig years in 2024 to 128 rig years in 2025 and yet again in 2026 to ~137 rig years. Most of this growth is to come from Brazil, and from deepwater and ultra deepwater projects. Most plays in these basins are highly productive, which translates into high economic returns and lower emissions intensity vis-à-vis other oil and gas plays.

Rystad forecasts that jack-up demand is to drop slightly in 2025, going from a total demand of ~368 rig years in 2024 to ~365 in 2025. This trend is driven by a drop in Middle East and North Africa (MENA) demand, which is to be balanced by growth YoY in other regions.

With this backdrop, the Group management expects the number of active units equipped with the Group's equipment in 2025 to remain at similar levels as those seen in 2024 and maintain their positive views for the overall outlook of this industry.

With limited yard availability, and the costs to build new floaters being at high levels, the Group expects drilling contractors to address increases in demand with the existing asset base (e.g. rigs that are currently active, stacked or under construction). In line with this trend, the Group estimates increased ESS and PCS activity in subsequent years after 2025, and revenue related to the re-activation, and delivery of rigs as well as recertification of equipment in the short-term.

It is important to bear in mind that many of the rigs that are currently active have been in operation for several years. In some cases, these units are equipped with older control systems that will need to be upgraded for them to remain marketable. Therefore, the Group expects to see growth in activity and revenue related to upgrades of drilling equipment and BOP control systems in the short to mid-term.

It is also important to consider that even though marketed utilization levels in both the floaters and jack-up segments, have dipped in 2024, Rystad is still reporting Committed Utilization levels to be above 80% in both segments. Furthermore, the number of remaining cold stacked assets or rigs under construction that can be brought onto the active supply to address growing demand has significantly shrunken in the last couple of years, and most of the rigs that are currently listed as cold stacked, have been in that state for several years. In most cases, significant investment would be required to bring them back to an operational state. Therefore, many of these units could end up being retired/scrapped, meaning that drilling contractors may have a smaller universe of acceptable rigs from which to choose if demand continues to surge.

An unexpectedly large increase in global demand for oil and gas could, therefore, ultimately accelerate the arrival of the next drilling rig build cycle. In that event, the Group would be very well positioned to take advantage.

Onshore Drilling

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

Onshore activity in the Middle East is 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 utilization levels in the region are growing, and technical requirements are becoming more demanding. Local operating companies are looking to drill wells in increasingly challenging environments at higher temperatures and pressures, and companies with a technology edge such as the Group may be better positioned to provide products that deliver optimal performance in such conditions.

Mining

The Group operates within the onshore and offshore mining industry. On the back of increased demand for batteries and digital technologies, the mining sector has seen growth in recent years, and the Group has benefitted from this trend. More than 40 newbuild slurry pumps have been ordered from the group since 2020. With an increasing number of pumps in operation globally, the group expects to see revenue growth from this sector in 2025.

Growth in the mining sector is expected to continue in coming years. The International Energy Agency estimates that in response to the shift to net zero, the world will require more mining, projecting that the annual demand for critical minerals from clean energy technologies will surpass USD 400bn by 2050, which is equivalent to the annual revenues of the current coal market.

In this context, the Group management expects to see yearly sales growth for its slurry pumps remain consistent with, or exceed, market growth. New regulations governing dewatering of slurry may further generate incremental demand for the type of heavy-duty slurry pumps that the Group produces, as higher discharge pressure pumps may be required to handle the transport of more concentrated fluids.

Renewable industries

The Group has identified opportunities to leverage its expertise within sectors focused on energy transition. The Group has highlighted offshore wind, geothermal and digital solutions as three key areas of potential future growth.

Other Markets

The Group is seeing a growing share of its revenue base from supporting industries that sit outside, or are adjacent to, the oil and gas sector. This is consistent with the general service market seeking opportunities outside oil and gas exploration to become broader energy service companies. The Group is increasingly targeting the onshore and subsea mining market as well as the renewable energy industry, which the Group expects to provide opportunities to expand its total installed base and service revenues.

Resources

The Group is looking to attract additional resources in various growth areas and seeks to establish key resources in regions where capabilities are available, costs are competitive, and market conditions and future scenarios of the Group are favorable. This strategic approach will ensure that the Group's resource allocation aligns with the evolving market dynamics and long-term objectives.

Capital Expenditure

In the next three-year period, the Group will focus its capital expenditure on operational and strategic investments. Operational investments consist of maintenance and growth capital for the Group's world class facilities and equipment ensuring the Group meets customer needs. Strategic investments are related to initiatives supporting the development requirements related to new technology in the aforementioned market segments will be the main driver in the investment strategy.

Operational performance

The Group's financial estimates for the period 2025 to 2027 are based on organic and transactional growth, with a strategic focus on analyzing the worldwide market and pursuing growth opportunities where they are deemed favorable. Improvement of financial performance is a key priority, and the outlook in key business areas displays an inclining trend. The projected increase in rig count for floaters and jack-ups is expected to drive service revenue, margins, and cash flow growth, further enhancing operational performance.

The Group aims to continue its research and development consistent with prior years. The Group expects sustained performance and delivery on growth targets will assure the Group has ample financing and equity opportunities to fund future growth.

Strategy and business

Research and development information

Current R&D activities are spread across Norway, Germany and the United States. The focus of R&D activities involves optimizing existing products and exploring new opportunities which complement our business model.[2]

The Group is committed to making those necessary investments to improve the capabilities of existing core products and to create new product offerings to fuel organic growth.

The Group has three major R&D programs that continued execution in 2024:

i) Development a rotating control device (RCD) along with associated equipment to enable open water, riser less drilling. We believe, it will be a “first of its kind” deployment that was enabled through our acquisition of Electrical Subsea & Drilling AS (ESD).

ii) Design and construct a testbed for the development of electrical BOP actuators, motors, and controllers for use offshore surface (platforms, jack-ups), subsea and land applications. Like the RCD, the key technology drivers were acquired through our purchase of ESD. This testbed is also being used to bring in potential partners together to aid in the design and qualification effort.

iii) Development of automation and digitalization solutions and digitally powered services to improve customer efficiency, reduce emission and improve customer competitiveness.

All R&D programs will continue into 2025, and the Group continues to explore potential partnership avenues to aid in our development efforts. New R&D efforts for 2025 and beyond include development and production of the fully electric BOP for both offshore surface (platforms and jack-ups) and subsea use, for which the Group is working with several publicly listed oil and gas companies to help fund development. The Group expect a significant portion of funding to come from operator partners. As with the development of the rotating control device, the development of the electric BOP has been enabled by our acquisition of Electric

[2] The accounting treatment for R&D expenditures is described in note 1.2 in the consolidated financial statements.

Subsea Drilling AS ("ESD"). Additionally, the Group is developing next-generation elastomers for oilfield sealing applications, including those outside our current space, in cooperation with a major operator.

As the Group experiences strong demand for our adjacent markets, part of our R&D efforts has focused on improving and further developing existing products such as slurry pumps portfolio, equipment and systems for seabed mining and large PBAs. Additional work has been made exploring new opportunities in adjoining industries where we see a good fit with the Group's competency and our core "DNA". This work has resulted in key priorities and market leads in 2024 that we will continue to explore in 2025.

The Group plans to focus our development efforts on the coming years into "game-changing" technologies as open water drilling and electric BOP.

Capital management

The majority of the Group's capital consists of its net equity, secured bonds, current and non-current loans, committed credit facilities and borrowings.[3]

Management monitors and assesses the capital requirements for the Group and ensures that enough funding is available to meet the working capital requirements and for the future business development. To raise funding, the Group considers a wide range of financing options including committed credit facilities, bond issuances and equity contributions.

The Group believes that existing cash on hand, cash generated from operations and available capacity under the committed credit facility of USD 50 million and the USD 200 million senior secured callable bond will be sufficient to meet the Group's liquidity needs in the short term and long term. The Group intends to list the USD 200 million senior secured bond (HMH02) on the Oslo Stock Exchange during the first half of 2025, with a maturity date of November 2026.

HMH Holding B.V., the parent company of the Group, must comply with certain financial covenants under its Facility Agreement and bond terms.[4] The Group's current funding requirements have been met from operations and from the existing debt instruments.

The Group's Capital Management Policy is to maintain a strong capital base to improve and maintain the confidence of investors, creditors, and the market. In addition, the Group is focusing on establishing a future strong capital base that will make the Group able to organically and transactionally grow the Group's footprint. The Group has a strong focus on EBITDA and monitors the development closely through regular status meetings and reviews.

[3] Note 4.5 and 4.7 in the consolidated financial statements for further details.

[4] Note 4.5 in the consolidated financial statements for further details.

Significant risks and uncertainties

The Group is exposed to various forms of market, operational and financial risks that may affect its operational performance, influence its ability to meet strategic goals, and impact the Group's reputation. To manage and mitigate risks within the Group, risk evaluation and assessment are an integral part of all business activities. On the Group level, the Management constantly considers and determines whether the infrastructure, resource, and systems currently in place throughout the Group are adequate to maintain a satisfactory level of risk. Financial instruments are only used to mitigate risks and is not used for trading and/or speculation purposes.

The Group's global operations may be negatively affected by several factors, many of which are outside the Group's control. As such, the Group actively monitors evolving macroeconomic conditions for risk, that may potentially impacts to the Group's operations, as well as changes to the regulatory environment of the jurisdictions in which the Group operates.

In 2025, the United States government imposed tariffs on goods imported into the U.S. from various countries. The Group is currently monitoring these tariffs, however, given the uncertainty around the extent and duration it has not been able to fully determine the potential impacts to operations.

The Risk appetite column below represents the level of risk that management of the Group is willing to accept while pursuing its objectives before any action is determined to be necessary in order to reduce the risk.

These risks include:

Risk area	Risk	Risk description	Risk appetite	Measures to mitigate risk
Strategic	Highly competitive industry	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.	High	Explore and develop other market and products. Access to sufficient funds to take new investment opportunities. Taken various initiatives in relation to digitization and standardization. Delivering premium products to maintain the Group reputation of quality and low failure rates
	Third-party	The Group is dependent		The Group has strategic

	suppliers	on third-party equipment, materials and components, and timely delivery of important materials and components is essential to the business of the Group.	Medium	partnerships to ensure an efficient and effective global supply chain. Maintains a stock of critical components, if necessary
Operational	Retain, attract, and hire highly skilled personnel	The Group's success depends, in part, on its ability to retain, attract and hire highly skilled personnel. If the Group is unable to retain, attract or hire highly skilled personnel, its ability to compete may be diminished.	Medium	Maintain good reputation and ESG philosophy to attract and retain employees. Retention programs for key personnel (e.g., share based compensation) The Group offers competitive compensation packages. Engages in cooperation programs with universities.
	Operations in developing countries	The Group's operations in such developing or newly industrialized countries expose the Group to additional risks created by political unrest and related factors.	High	The Group conducts risk assessments before any new country entry and actively engages with its clients to monitor and mitigate the respective country-related regulatory, commercial, and technical risk
	Health and safety risk	Failure to maintain adequate safety standards could have a material adverse effect on the reputation, business, operations, and the financial condition of the Group.	Low	The Group aims to reduce major accident hazard exposure through application of a safety framework to manage risk
	Information technology, cyber threat, data protection	Unauthorized access to our IT network and insider threats, where staff are exploiting confidential information, are seen as a significant risk.	Medium	Monthly security patches, active monitoring against suspicious activities. Mandatory training of personnel to increase awareness of cyber threat
	Oil and Gas Demand and Price variations.	The Group is particularly sensitive to fluctuations in prices for oil and gas in response to changes in the supply of and demand for	Medium	The Group performs close monitoring of oil price fluctuations and perform analysis of the impact of oil price variations to the market

		oil and gas, market uncertainty, and a variety of other political and economic factors.		and economic factors.
	Currency risk	Fluctuations in exchange rates may have a material adverse impact on the results of operations and financial condition of the Group.	Medium	The Group perform hedge of cashflow related to projects where currency risk exposure is assessed high, using forward contracts. Pursuant to the policy, variation orders must be hedged as soon as received and recognized in the project.
Financial and reporting	Interest rate risk	Interest rate fluctuations could have a material adverse impact on the operations and the financial condition of the Group.	Low	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 the policy if required.
	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.	Low	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) Derivatives are only traded against approved banks. All approved banks have investment grade ratings.
	Liquidity risk	Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.		The Group's Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

			Low	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. Management monitors rolling weekly and monthly forecasts of the group's liquidity reserve on the basis of expected cash flow
Compliance	Changes in environmental and regulatory requirements	Changes in environmental and regulatory requirements could adversely affect the level of exploration by oil and gas companies and, therefore, demand for the Group's services and products.	Medium	The Group takes great care to carry out its activities in compliance with laws and regulations. The close monitoring of laws and regulations is carried out continuously and substantive changes are escalated quickly. By means of the Group's Code of Conduct, all employees are aware of and must always act in compliance with all laws, regulations, policies, and procedures
	Claims and litigation	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	Low	The Group ensures that is adequately insured against any claims. The Group aims to reduce major accident hazard exposure through application of a safety framework to manage risk

		provide coverage, could have a material adverse effect on the business.		
	Insurance coverage	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.	Low	The Group ensures that it is adequately insured against any claims. The Group aims to reduce major accident hazard exposure through application of a safety framework to manage risk
	Tax	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.	Low	Make use of external tax advisors for complicated subjects Close monitoring of changes in tax law and substantive changes are escalated. Develop good relations with tax authorities based on mutual respect, transparency and trust

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 can 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 Group's market positions and revenues could 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 focused on their operational costs. For the Group this results in reduced maintenance and upgrade contracts on which to bid, and therefore the Group must be price competitive to secure work.

Dependence on services from third parties and supply of materials to complete contracts

The Group is dependent on third-party equipment, materials and components, and the timely delivery of important materials and components are 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, operations, and the financial condition of the Group.

If a sub-contractor, supplier, or manufacturer fails to provide services, supplies or equipment for any reason, the Group may be required to procure these services from other third parties on a delayed basis or at a higher price than anticipated, which could adversely affect 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, operations, and the financial condition of the Group.

Talent acquisition, employ, development and engagement

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 Group's business, prospects, financial position, and operating results.

The Group has a comprehensive talent acquisition strategy in place to attract and hire the best candidates for our organization. The Group focus on identifying individuals who align with our values, possess the necessary skills and expertise and demonstrate a commitment to continuous learning and growth. Once onboarded, the Group provides employees with various opportunities for professional development and advancement. The Group offers training programs, mentorship initiatives and career development resources to support their growth within the Group. 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). Technology is an important element to improve and maintain a customer's efficiency, safety, and environmental footprint KPI's. The Group is dependent on having the technology, solutions, and people to support our customers in reaching their KPI's. The ability to do so affects the Groups pricing power and its ability to secure contracts.

Operations in developing countries

The Group faces heightened risks in its operations in developing or newly industrialized countries (e.g., Senegal, Brazil, Azerbaijan). Operating in such environments, with less predictable political, socioeconomic, and legal systems, poses uncertainties that could adversely impact business, operations, and financial conditions, affecting the value of investments. The Group has, and the Group will continue to have, a strategy to continue and expand operations in many developing or newly industrialized countries.

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 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 fully compliant with local laws and regulations, and which in turn could have a material adverse effect on the business, operations and the financial condition of the Group.

Moreover, certain developing or newly industrialized countries have a higher incidence of anti-corruption and bribery violations present additional challenges. The Group actively addresses these risks through regular fraud risk assessments, implementing robust Codes of Conduct, a Compliance and Ombuds program, whistleblowing procedures, open reporting, and customer and third-party due diligence (KYC) screening protocols. No corruption, bribery, or fraud incidents were reported in 2024.

Health and safety risk

The Group is exposed to certain 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, operations and the financial condition of the Group. 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, operations and the financial condition of the Group.

Information technology, cyber threat, data protection

Unauthorized access to the IT network could pose a significant risk to the Group's information security, potentially revealing sensitive data to unauthorized individuals, competitors, or even nation-state actors. This vulnerability could stem from social engineering tactics or unauthorized entry to engineering and testing areas, both remotely and locally. The potential loss of intellectual property and classified information could undermine the confidentiality, integrity, and availability of company data, making the Group vulnerable to threats from nation-states, cybercriminals, and cyber activists. To combat this, the Group has implemented measures to address cybercrime, hacking threats and social engineering, such as mandatory training and implementing a robust cyber-security program. The Group is in the process of developing new security policies and reviewing a more targeted security awareness tool.

Oil and gas demand and price variations

As a global provider of drilling solutions, engineering, projects, technology, equipment and services for the oil and gas industry, the Group is particularly sensitive to factors such as oil and gas prices, 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 remain, subject to fluctuations in response to changes in the supply 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 such decrease 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 activity and profit.

Currency risk

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. 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 currency risk exposure in relevant projects using forward contracts. However, there can be no assurance that any hedging policy or strategies adopted by the Group will be sufficiently effective or that the Group will be completely shielded from this risk.

Interest rate risk

The Group faces risks associated with its interest-bearing debt. External borrowings, which at the date of this financial statement amounted to USD 215 million (compared to USD 223 million at year end 2023), excluding fixed rate shareholder loans and accrued interest. The Group also incurs additional interest of 1% per annum, in addition to the fixed rate of 9.875% per annum, until the USD 200 million senior secured callable bond is listed on the Oslo Stock Exchange. The Group's policy is currently not to hedge floating interest rate; however, the interest rate exposure will continue to be closely monitored. 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 significantly mitigate the adverse effects of interest rate fluctuations on the Group's results of operations and financial condition, and such exposure could have a material adverse effect on the Group's financial condition.

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.

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 could 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, operations and the financial condition of the Group. 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 local leadership. Based on expected credit loss 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.

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.

Derivatives are only traded against approved banks. All approved banks have acceptable investment grade ratings. Credit risk related to investment securities and derivatives are therefore considered to be insignificant.

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 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, the Group's Treasury maintains flexibility in funding by maintaining availability under committed credit lines.[5]

Our access to funding sources and other credit arrangements in amounts adequate to finance our current and projected future business operations could be significantly impaired by factors that affect us, any financial institutions with which we enter into credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures affecting financial institutions, the ability of financial institutions to perform obligations under various types of financial, credit or liquidity agreements or arrangements or disruptions or instability in the financial services industry or financial markets.

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 can 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. Lastly, the Group has a liquidity reserve per year-end 2024, composed of a committed credit facility of USD 50 million and cash and cash equivalents.

Changes in environmental and regulatory requirements

Changes in environmental and regulatory requirements could adversely affect the level of exploration by oil and gas companies and, therefore, impact demand for the Group's services and products. 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, operations and the financial condition of the Group if such laws, regulations, treaties or international agreements negatively affect global demand for oil and gas.

The Group recognizes the importance of adhering to international regulations and restrictions governing trade, export controls, and economic sanctions, and is dedicated to preventing any involvement in activities that may violate sanctions and trade laws. The Group's compliance program is designed to ensure that all our business activities, including international trade and transactions, are conducted in full compliance with applicable laws and regulations. The Group maintains a robust compliance framework that includes regular risk assessments, employee training, due diligence procedures, and ongoing monitoring of sanctions and trade restrictions. The Group's commitment to compliance extends to our relationships with suppliers, customers, and business partners, and we expect the same level of commitment from them.

The main climate-related risks in the Group concern the Group's current industrial investments since the industry is in a state of accelerated transition to a lower-carbon intensive industry. Unless these risks are met

[5] Note 4.3 in the consolidated financial statements for further details

with mitigating measures, the Group could face a scenario where it could lose its market position and/or with the Group's product lines are ultimately obsolete and replaced by more energy efficient/green alternatives. However, this transition to low carbon intensive industry will also create several opportunities, with focus on more efficient drilling equipment which will generate a more climate friendly operation.

Claims and litigation could have a material adverse effect on the business

Given the nature of the products and services that the Group provides, the business in which the Group operates, and where an accident can potentially have significant 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, fines and penalties, labor 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, if the Group was 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, operations and the financial condition of the Group.

Insurance coverage

Given the nature of the products and services that the Group provides, the business in which the Group operates, and where an accident can potentially have significant 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, the provision of services and the installation of products. The Group maintains a portfolio of 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 willful 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 ensure the Group from a claim that exceeds its policy limits or under every circumstance or against every hazard 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, operations and the financial condition of the Group.

Tax

The operations of the Group are carried out in 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 must 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 or interpretation 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, operations and the financial condition of the Group. The Organization for Economic Co-operation and Development has advanced reforms focused on global profit allocation and implementing a global minimum tax rate of at least 15% for large multinational corporations on a jurisdiction-by-jurisdiction basis, known as "Pillar Two."[6]

Financial information

The Group's consolidated financial statements has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code. The consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2025. The Group's accounting policies are shown in the Annual Financial Statements 2024, Section 1.1.

Overall management analyzed the performance of the Group for 2024 and noted that operations are in accordance with its expectations and budget. Please refer to below where management explained the developments for the borrowings and operational performance.

[6] Note 5.1 in the consolidated financial statements for further details

The results below reflect performance for the twelve-month ended December 31, 2024.

Amounts in USD million	***01.01.2024-31.12.2024***	***01.01.2023-31.12.2023***
Revenue and other income	843.3	785.6
EBITDA[7]	162.1	122.2
Net profit (loss)	45.5	10.7
Operational cash flow	45.2	33.2
Total assets	1,384.0	1,373.3
Total equity	631.8	595.9

Financial performance

The Group reported financial performance in 2024 in accordance with expectations. The Group revenue was mainly dominated by service activities and both segments reported strong EBITDA and operational cash flow as the market continues to recover and our customers continue to re-activate their rigs. Total assets and equity also increased compared to 2023. The increase in equity is mainly driven by a strong result for the year. The Group is a business with activity for which revenue recognition for some part is presented over time and hence both contract assets/liability and account receivable/payable have fluctuated in the reporting period due to progress in projects, billing milestones and customer payments.

EBITDA in 2024 was USD 162 million up 33% on a year-to-year, driven by increased aftermarket services activity output and increased volume in sales of products. Net cash flow from operating activities was positive USD 39 million compared to USD 31 million in 2023. The positive development is driven by milestone collections and past due reduction. The aftermarket segment of the Group exhibits very steady working capital performance.

The Group has total borrowings of USD 343 million as of December 31, 2024. Part of the consideration paid to Akastor and Baker Hughes, in relation to the creation of the joint venture, was the shareholder loans received from Akastor and Baker Hughes. The total amount of the shareholder loans as of December 31 2024 is USD 132 million and will not be settled prior to external debt. Earliest maturity date is set to October 1, 2026. USD 20 million of the principal relates to Akastor and remaining USD 80 million is a loan from Baker Hughes to the Group.

In November 2023, the Company replaced its existing USD 150 million senior secured callable bond (ISIN:

[7] This is a non-GAAP measure and is further explained in the “Non-GAAP financial measures” section

NO0012428996) with a new USD 200 million senior secured callable bond. The net proceeds from the bond issue were used to refinance the existing bond loan, pay down the remaining term loan and existing revolving credit facility. The Bond pays a fixed coupon of 10.875% (which was increased from 9.875% per annum beginning on August 17, 2024 until the USD 200 million senior secured callable bond is listed on the Oslo Stock Exchange), and the maturity date is November 16, 2026. The new bond is expected to be listed on the Oslo Stock exchange in during the first half of 2025, and when the new bond is listed HMH will again become an EU PIE company.[8]

Recent developments

Sale of non-controlling interest in Hydril Arabia

On March 28, 2024, Hydril PCB Limited, a subsidiary of the Group, issued shares representing a 30% non-controlling interest in its subsidiary, Hydril Pressure Controlling Arabia Limited ("Hydril Arabia"), to Tanajib Holding Company CJSC ("Tanajib"), in exchange for total consideration of USD 9.2 million, comprising USD 2.3 millions of upfront consideration and USD 6.9 millions of deferred consideration. The Company recognized cash of USD 2.3 million, related party accounts receivable—current of USD 2.2 million and related party notes receivable of USD 4.7 million.[9]

Acquisition of Drillform

On July 17, 2024, Hydril PCB Canada Inc., a wholly owned subsidiary of the Group, completed its acquisition of all of the issued and outstanding shares of Drillform Technical Services Ltd. ("Drillform") for a total purchase price of USD 24.7 million, consisting of USD 21.0 million in cash and USD 3.7 million in contingent consideration.[10] Drillform holds a portfolio of patents and intellectual property related to equipment used in the handling of drill pipe during drilling operations and has a significant installed base of automated floor wrenches and catwalks. Drillform is based in Alberta, Canada and has facilities in Tulsa, Oklahoma and Abu Dhabi, United Arab Emirates. The Group accounted for the transaction as a business combination and allocated the total purchase price to assets acquired, liabilities and contingent consideration assumed based on their fair values at the date of acquisition. The purchase price allocation as of the date of acquisition was based on a preliminary valuation and is subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available.

[8] Note 4.7 in the consolidated financial statements for further details

[9] Note 4.6 in the consolidated financial statements for further details

[10] Note 6.1 in the consolidated financial statements for further details

Non-financial Statement

Considering the current business model of the Group, management does not have specific non-financial information policy as all relevant understanding over the Group, development of the business, the results, the position of the entity and the effects of its activities on the society are covered via separate policies. Management refers to the relevant section of this report. The Group's management has in place the anti-bribery policy, policies in respect of environment, social and personnel affairs (referring to section Environmental and personnel-related information in the Management Report), respect for human rights and know your customer policies. The main risks with respect to those matters discussed under the Significant risks and uncertainties section of this report. No non-financial KPIs that are relevant for the business activities of the Group was set.

Non-GAAP financial measures

The financial information in this report includes measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. The Group believes this information, along with comparable GAAP measurements, may give insight to stakeholders because it provides a basis for evaluating our operational performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Wherever appropriate and practical, the Group provides reconciliations to relevant GAAP measures.

Term	Definition
EBITDA	Is equal to operating earnings plus depreciation, amortization.

Environmental, Social and Governance

Metrics and Targets

The Group, in alignment with its shareholders, has established policies, guidelines, strategies, and requirements to address Environmental, Social, and Governance (ESG) considerations. The Group continues to actively monitor ongoing developments of regulations and disclosure requirements related to ESG, CSRD and EU-Taxonomy matters in order to be prepared for future reporting requirements.

Environment

The Group is dedicated to reducing its environmental impact. Recognizing the Group's role in the oil and gas extraction industry, a major contributor to environmental footprints, we remain focused on designing products and services that minimize undesirable environmental effects. Our operations prioritize the safe and efficient utilization of energy and natural resources, with a commitment to using materials and energy efficiently while minimizing waste and environmental damage. The Group is committed to operating with transparency, integrity, and accountability, and has also been ISO 14001:2015 certified.

Social

Human Rights

The Group respects internationally proclaimed human and labor rights and supports international human rights conventions such as the UN Declaration and Convention on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The Group acknowledges all employees' right to form and join trade unions of their own choice and aim to include and involve employees and their unions in decision-making in accordance with applicable laws. The Group does not tolerate harassment in any form by or towards employees and strictly forbids retaliation against an HMH employee who raises a claim or concern. The Group employees shall expect a workplace free from harassment and discrimination on the basis of age, gender, sexual orientation, disability, race, nationality, political opinions, religion or ethnic background, or any other basis or protected class prohibited by law. The Group will not employ, use, or enter into contract with those who employ or use child or forced labor and will not tolerate working conditions or treatment that is in conflict with international laws and practices.

Diversity

The Group promotes diversity, and provides inclusion to all (potential) employees, irrespective of their gender, ethnic origin, physical and mental ability, age, nationality, sexual orientation, religion or belief, marital status, thinking style or socio-economic status. The Group opposes all forms of unfair discrimination.

The Group's guidelines aim to go beyond statutory equal opportunities policy and embrace diversity and inclusion as part of the Group's strategy to source, retain and manage unique talent, skills, knowledge, and experience. These guidelines will govern everyday working life and cover such matters as: recruitment and selection; access to leadership opportunities; access to learning and development opportunities; succession planning; and talent management.

At HMH, the Group place a strong emphasis on diversity and inclusivity within our workforce. The Group is proud of the multicultural environment the Group foster, with many nationalities collaborating across the company. In the Group's Kristiansand office alone, the Group is fortunate to have employees from 27 different nationalities. This rich diversity is a testament to our commitment to a global perspective and inclusive company culture, which we are very proud of.

Corporate governance

Corporate Governance Statement

The Group has high standards of corporate governance, ensuring responsible and transparent leadership and management that are geared to ensure full compliance and set the basis for a sustainable long-term performance and growth.

In 2022, the Group was classified as a Public Interest Entity (EU PIE) due to the listing of a bond. The listed bond was fully repaid in November 2023. As of the year-end 2024, the Group does not hold any listed securities. There are no other factors that would classify the Group as a public interest entity, and therefore, the Group is not considered to be an EU PIE company as per 31 December 2024 and the date of the financial statements.

Based on article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the "Decree") concerning audit of annual accounts, the Group must comply with part of the Decree Management Report.

The Group complies with Decree Management report requirements applicable for an entity with listed financial instrument (Section 2a (1) Corporate Governance Statement, Section 2a (3) having the Corporate Governance Statement as part of the Management Report, Section 3a(a) the main features of the management and control systems of the Group, Section 3a(d) Diversity of Board of Directors and section 3d number of men and women in the Board of Directors). The Directors have confirmed that the Group is in compliance with all mentioned articles and no issues have been noted during the reporting period.

The regulations of the Norwegian stock exchange (Oslo Rule Book II) require that an issuer must make public annual reports in accordance with Section 5 of the Securities Trading Act (“STA”) and related regulations. As per the Norwegian STA, issuers with their home state in the European Economic Area must comply with their home state’s legislation related to periodic disclosure requirements. The Group is required to comply with these regulations as of the listing of its Bond in during the first half of 2025.

Values and Code of Conduct

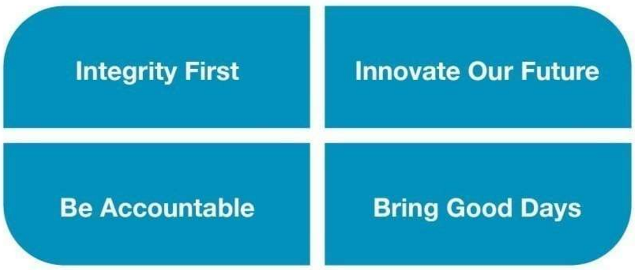
The Group contributes to sustainable social development through responsible business practices. The ethical guidelines and other governing documents of the Group has been drafted following core corporate values as stated below:

Integrity First

- We do what we say and say what we do
- We are transparent
- We do things the right way – ethically and in compliance with laws and regulations
- We keep our commitments, building trust with customers, shareholders, the community and each other
- We take responsibility for our actions, regardless of the outcome

Innovate Our Future

- We use our competence, capability and technology to design our future
- We are curious, innovative and commercial
- We continuously improve



Be Accountable

- We deliver on our responsibilities
- We never pass a problem, we solve it!
- We act in a sustainable, ethical and socially responsible manner

Bring Good Days

- We have fun and enjoy our work
- We respect each other and we work together as one team
- We share knowledge and help each other succeed
- We are all equally accountable for caring for the environment, safety and well-being of ourselves and others

The Group has established an HMH Code of Conduct that applies to all employees in the Group and requires that business partners adhere to the same principles as the Group. The Code of Conduct is published and made available to all employees, and employees must be familiar with and in compliance with the content of the Code of Conduct.

The Group operates in an international environment involving a diversity of countries and cultures and international transaction and contracts. The Code of Conduct contains a “zero tolerance” policy for bribery and corruption, and guides employees regarding any potential conflicts of interest.

Group Governance Structure

The Company has per year end 2024 a Board of Directors comprising of the Chairman of the Board Daniel W. Rabun, Vice Chairman Karl Erik Kjelstad, and Board Members Judson E. Bailey, Kristian M. Røkke and Georgia M. Magno.

As of December 31, 2024, the executive management of the Group comprised of Eirik Bergsvik (CEO), Thomas McGee (CFO), Dwight Rettig (CAO/GC), Roy A. Dyrseth (CCO), Chuck Chauviere (COO) and Pål Skogerbø (CTO).

The Company has no Supervisory Board. In line with compliance of Article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the Decree) concerning audit of annual accounts, the Audit Committee was established in November 2022. The Audit Committee was established by the Company's articles of association as a separate and designated corporate body within the meaning of Article 2 paragraph 4 of the Decree, assigned to perform all duties of an audit committee in accordance with Article 2 paragraph 2 of the Decree. The Audit Committee comprises of one member (Asbjørn Rødal), who qualifies as independent from the Company, is an expert in the field of financial reporting and auditing and has expertise and experience relevant to the Company's business sector. The Board of Directors constituted as the Audit Committee until the Audit Committee was established.

General Meeting of Shareholders

A General Meeting of Shareholders is held not less than once a year to discuss the Annual report, including the report of the Board of Directors, the annual financial statements with explanatory notes, any proposal concerning dividends or other distributions.

The Board of Directors is responsible for all governance activities and is accountable for pursuing and achieving corporate goals and objectives. The Board of Directors is also responsible for the Group strategy and compliance with all regulatory and legislative requirements.

Board of Directors Composition

Daniel W. Rabun

Chairman of the Board

Mr. Rabun has served as the chairman of HMH Holding B.V.'s board of directors since October 2024. He has also served on the board of directors of Borr Drilling Limited (NYSE and OSE: BORR), an international drilling contractor, since April 2023, the board of directors (and is currently the chairman of the board) of ChampionX Corporation (Nasdaq: CHX), a provider of chemical solutions, artificial lift systems and equipment and technologies for the oil and gas industry, since 2018 and the board of directors of Golar LNG Ltd. (Nasdaq: GLNG), a maritime liquefied natural gas infrastructure company, since 2015. From 2015 to May 2024, Mr. Rabun served on the board of directors of APA Corporation (formerly known as Apache Corporation) (Nasdaq: APA). Prior to that, he was at Ensco plc (formerly NYSE: ESV), an offshore drilling services company, based in London, where he served as chairman of the board of directors from 2007 to 2015, Chief Executive Officer from 2007 to 2014 and President from 2006 to 2014. Prior to joining Ensco plc, Mr. Rabun was a partner with the international law firm of Baker McKenzie LLP, where he provided legal advice to oil and gas companies from 1986 to 2004. Mr. Rabun has a Bachelor's degree in Business Administration from the University of Houston and a Juris Doctor from Southern Methodist University's Dedman School of Law and is a Certified Public Accountant (CPA).

Karl Erik Kjelstad

Vice Chairman

Mr. Kjelstad has served as a member of HMH Holding B.V.'s board of directors since October 2021. Mr. Kjelstad has served as Chief Executive Officer of Akastor ASA since 2018 and served as Executive Vice President and Investment Director of Akastor ASA from 2014 to 2017. Prior to that, he held numerous key positions at the Aker group, including Executive Vice President of Oilfield Services and Marine Assets of Aker Solutions from 2009 to 2014, Senior Partner and President of Maritime of Aker ASA from 2007 to 2009 and President and Chief Executive Officer of Aker Yards ASA from 1998 to 2007. He has also held several board positions in different industries, including the oil service, offshore drilling, offshore and merchant shipping, shipbuilding, IT services, real estate and construction industries. Mr. Kjelstad has a Master of Sciences in Marine Engineering from the Norwegian University of Science and Technology (NTNU) and an Advanced Management Program executive degree from Harvard Business School.

Judson E. Bailey

Board Member

Mr. Bailey has served as a member of HMH Holding B.V.'s board of directors since July 2023. Mr. Bailey has served as Vice President of Corporate Development of Baker Hughes (Nasdaq: BKR) since August 2023, where he leads M&A and strategic early-stage investment efforts, and served as Vice President of Investor

Relations of Baker Hughes from August 2019 to August 2023. Prior to joining Baker Hughes, Mr. Bailey gained extensive experience as a sell-side research analyst, covering the oilfield services and equipment industry for nearly 20 years at various firms, including serving as Managing Director at Wells Fargo Securities, LLC from 2014 to August 2019, Senior Managing Director at ISI Group, LLC from 2012 to 2014 and Managing Director at Jefferies & Company, Inc. from 2000 to 2012. His expertise and contributions have been recognized by numerous industry organizations, including multiple rankings as an equity analyst in the Institutional Investor survey for the Oilfield Services & Equipment sector and ranking #1 in 2022 and 2023 in the Institutional Investor survey for Investor Relations. Mr. Bailey has a Bachelor's degree from Texas A&M University and is a Chartered Financial Analyst (CFA).

Kristian M. Røkke

Board Member

Mr. Røkke has served as a member of HMH Holding B.V.'s board of directors since October 2021. Mr. Røkke has experience from investment management, offshore services and shipbuilding in several companies in the Aker group. He served as Chief Executive Officer of Aker Horizons ASA (OSE: AKH), a company that develops green energy and green industry to accelerate the transition to net zero from July 2020 until October 2024. Prior to that, Mr. Røkke served as Chief Investment Officer of Aker ASA from 2018 to 2020. He served as Chief Executive Officer of Akastor ASA from 2015 to 2017 and held various operational and executive roles at Philly Shipyard ASA (OSE: PHLY), a constructor of commercial naval vessels, from 2007 to 2016. He is currently chair of the board of several companies, including Aker Horizons ASA, Mainstream Renewable Power, Aker Carbon Capture ASA and Philly Shipyard ASA, and is a director on the board of directors of TRG Holding AS. Mr. Røkke has an undergraduate degree from BI Norwegian Business School and a Master of Business Administration from Wharton Business School at the University of Pennsylvania.

Georgia M. Magno

Board Member

Ms. Magno has served as a member of HMH Holding B.V.'s board of directors since March 2025. Ms. Magno has served as Chief Legal Officer of Baker Hughes since January 2024, where she is responsible for Baker Hughes' legal and regulatory affairs, corporate governance and compliance function and for driving regulatory compliance, risk management and strategic direction of corporate governance across Baker Hughes, as well as liaising with its board of directors. She has more than 20 years of management and legal experience and, since joining Baker Hughes in 2017, she has served in legal roles of increasing complexity and responsibility across commercial, operational and product line organizations in multiple countries, including Italy and the United States. Her roles at Baker Hughes include Vice President and General Counsel of Baker Hughes' Industrial & Energy Technology business segment from October 2022 to December 2023, head of legal and compliance of Baker Hughes' Turbomachinery & Process Solutions, Climate Technology

Solutions and New Frontiers business segments from January 2022 to October 2022, and General Counsel and Vice President of the Turbomachinery & Process Solutions business segment from January 2017 to January 2022. Prior to the merger between Baker Hughes and General Electric Company's oil and gas business ("GE Oil & Gas"), Ms. Magno served in various roles for GE Oil & Gas between April 2010 and December 2016, including Associate General Counsel of Commercial, Associate General Counsel of Global Supply Chain and Senior Counsel of Sourcing. Prior to joining GE Oil & Gas, she worked as an international litigator at Weil, Gotshal & Manges LLP from September 2006 to March 2010 and Cleary Gottlieb Steen & Hamilton LLP from September 2004 to July 2006. Ms. Magno serves as a trustee of the Baker Hughes Foundation. Ms. Magno has a Juris Doctor from Università di Bologna and a Masters of Law degree from Harvard Law School. She is a member of the New York Bar and has been a visiting researcher at the Wharton School at the University of Pennsylvania.

Management remuneration

Board of Directors

Other than Mr. Rabun, the Board of Directors received no remuneration for being directors in 2024. In connection with his appointment as a member and Chairman of HMH Holding B.V.'s Board of Directors as of October 21, 2024, Mr. Rabun will receive from HMH Holding B.V. a cash retainer in the annualized amount of USD 75,000 for his service as a member of HMH Holding B.V.'s Board of Directors and an additional cash retainer in the annualized amount of USD 50,000 for his service as Chairman of HMH Holding B.V.'s Board of Directors (for an aggregate annualized retainer equal to USD 125,000), each of which will be paid in quarterly installments, based on calendar quarters, in arrears on a prorated basis for any partial portion of a quarter. In addition, Mr. Rabun will receive a retainer equal to USD 175,000 (the "additional retainer"), which will become payable on the earliest of Mr. Rabun's resignation from HMH Holding B.V.'s Board of Directors prior to the listing of HMH Holding Inc.'s shares of Class A common stock, the consummation of the initial public offering of HMH Holding Inc. or October 21, 2025. In each case, the additional retainer will be paid within 30 days of the triggering event and will be prorated based on the number of days that have elapsed from October 21, 2024 through the date of such event, over 365. Subject to the requisite approvals by HMH Holding Inc. and an effective equity incentive plan being in place, if the payment of Mr. Rabun's additional retainer is triggered by the consummation of the initial public offering of HMH Holding Inc., the retainer will be satisfied upon consummation of the initial public offering of HMH Holding Inc. with a restricted stock unit award that will vest immediately following grant; otherwise, Mr. Rabun's additional retainer will be paid in cash. The other members of the Board of Directors have no agreements that entitle them to any extraordinary remuneration from the Group.

Policy on remuneration to the members of the executive management

All the members of the executive management were employees of the Group with terms and conditions of employment consistent with industry standards.

Compensation to the executive management has fixed elements which include a base salary which, pursuant to the company's benchmarking, is competitive. The executive management has variable remuneration based upon the performance of the company. All variable compensation is subject to the Group performance.

The Group has phantom equity award plans for management positions. For two out of four programs, the awards will vest 100% of upon the occurrence of a liquidity event that occurs in or prior to the forfeiture date. For the last two programs, the vesting period is three calendar years. If the award vests, the award payout will be payable to the management within 30 days after the applicable vesting date.[11]

Directors' and executive management's shareholding

Neither Directors nor the members of the executive management have shares in the Group as of December 31, 2024.

External auditor

For the 2024 financial year, KPMG Accountants N.V. was the Group's independent external auditor.

[11] Note 2.5 and 7.4 in the consolidated financial statements for further details

Subsequent events

The Group evaluated subsequent events through April 28, 2025, the date that the consolidated financial statements were available to be issued.

Adjusting events

No subsequent events are noted which require adjustments in the annual report.

Non-adjusting events

In January 2025, the Group announced a restructuring plan primarily focused on the reorganization of facilities in Horten and Fornebu, Norway and global workforce reductions. The restructuring will optimize the Group's global indirect headcount and rationalize its footprint.

On March 10, 2025, DNB Bank ASA agreed as agent under the Group's USD 50 million revolving credit facility (RCF) to amend certain terms of the RCF to permit implementation of the corporate reorganization and the listing of HMH Holding Inc.'s Class A common stock on Nasdaq, and the documentation formally implementing the same became effective as of March 11, 2025.

On March 6, 2025, Georgia M. Magno joined the Board of Directors as board member.

Amsterdam, April 28, 2025
The Board of Directors:

Daniel W. Rabun
(Chairman of the board)

Karl Erik Kjelstad
(Vise Chairman)

Judson E. Bailey
(Board member)

Kristian M. Røkke
(Board member)

Georgia M. Magno
(Board member)

Consolidated Financial Statements
for the year 2024

HMH Holding B.V.

Consolidated income statement

for the year ended December 31, 2024

Amounts in USD thousands	*Notes*	**2024**	**2023**
Revenue and other income	2.1	**843,268**	**785,579**
Materials, goods and services		-352,357	-369,528
Salaries, wages and social security costs	2.5	-239,820	-218,637
Other operating expenses	2.6	-88,926	-75,187
Operating expenses		**-681,102**	**-663,352**
Depreciation and amortization	3.1-3.3	-47,629	-44,683
Operating profit / loss(-)		**114,537**	**77,544**
Finance income	4.4	19,019	13,769
Finance expenses	4.4	-63,505	-63,882
Net finance expenses		**-44,486**	**-50,113**
Profit / loss(-) before tax		**70,051**	**27,431**
Income tax expense	5.1	-24,532	-16,656
Profit / loss(-) for the period		**45,519**	**10,775**
Profit attributable to:			
Equity holders of the parent		44,780	10,775
Non-controlling interests		739	-

Consolidated statement of comprehensive income

Amounts in USD thousands	*Notes*	**2024**	**2023**
Profit / loss(-) for the period		**45,519**	**10,775**
Other comprehensive income			
Cash flow hedges, gross amount		-4,314	3,688
Cash flow hedges, related tax		966	-821
Total change in hedging reserve, net of tax	4.2	**-3,348**	**2,867**
Currency translation differences - foreign operations		-21,591	5,126
Total items that may be reclassified subsequently to profit or loss, net of tax		**-24,939**	**7,993**
Remeasurement gain / loss(-) net defined benefit liability	2.5	567	13
Related tax to remeasurement gain / loss(-) net defined benefit liability		-113	4
Total items that will not be reclassified to profit or loss, net of tax		**453**	**17**
Total other comprehensive income / loss(-) for the period, net of tax		**-24,486**	**8,009**
Total comprehensive income / loss(-)		**21,033**	**18,785**
Total comprehensive income / loss(-) attributable to:			
Equity holders of the parent		20,295	18,785
Non-controlling interests		739	-

The Notes to the Consolidated Financial Statements on page 40 to 86 form an integral part of these consolidated financial statements.

Consolidated statements of financial position

As at December 31

Amounts in USD thousands	*Notes*	**2024**	**2023**
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	198,684	214,834
Other intangible assets	3.3	136,324	148,471
Right-of-use assets	3.2	37,087	34,149
Goodwill	3.3	300,939	287,848
Other non-current assets	7.1	31,854	28,488
Deferred tax assets	5.1	19,139	28,570
Total non-current assets		**724,026**	**742,359**
Current assets			
Inventories	2.3	279,957	241,404
Trade receivables and other current assets	2.4	181,712	178,205
Derivative financial instruments	4.2	1,713	2,759
Current financial assets	4.2	3,679	1,500
Contract assets	2.1	143,360	143,652
Prepaid income tax		682	884
Cash and cash equivalents	4.3	48,912	62,524
Total current assets		**660,015**	**630,928**
TOTAL ASSETS		**1,384,041**	**1,373,288**

As at December 31

Amounts in USD thousands	*Notes*	**2024**	**2023**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.6	0	0
Share premium	4.6	601,539	601,539
Reserves	4.6	5,137	15,175
Retained earnings	4.6	23,948	-20,832
Equity attributable to equity holders of the parent company		**630,624**	**595,881**
Non-controlling interests		**1,170**	**-**
Total equity		**631,794**	**595,881**
Non-current liabilities			
Non-current borrowings	4.7	328,747	315,175
Non-current lease liabilities	3.2	30,684	28,617
Employee benefit obligations	2.5	16,828	19,154
Deferred tax liabilities	5.1	19,128	21,541
Non-current provisions	7.2	822	1,068
Other non-current liabilities	7.1	14,212	11,359
Total non-current liabilities		**410,422**	**396,913**
Current liabilities			
Current borrowings	4.7	14,428	25,453
Current lease liabilities	3.2	8,688	8,722
Current tax liabilities	5.1	6,040	8,283
Current provisions	7.2	16,109	17,829
Trade payables and other current liabilities	2.7	236,322	243,356
Contract liabilities	2.1	55,627	75,525
Derivative financial instruments	4.2	4,612	1,326
Total current liabilities		**341,826**	**380,495**
Total liabilities		**752,247**	**777,408**
TOTAL EQUITY AND LIABILITIES		**1,384,041**	**1,373,288**

The Notes to the Consolidated Financial Statements on page 40 to 86 form an integral part of these consolidated financial statements.

Consolidated statements of cash flows
for the year ended December 31, 2024

Amounts in USD thousands	*Notes*	**2024**	**2023**
Cash flow from operating activities			
Profit / loss(-) before tax		70,051	27,431
Adjustments for:			
Net finance income and expenses		44,486	50,113
Share-based payment expense		5,557	6,470
Foreign exchange gain and loss(-)		-6,786	527
Depreciation and amortization	3.1-3.3	47,629	44,683
		160,937	**129,225**
Changes in:			
Decrease/Increase(-) in trade receivables and other current assets		-1,514	-4,724
Decrease/Increase(-) in inventories		-35,510	-58,664
Increase/Decrease(-) in trade payables and other liabilities		-11,431	-5,569
Decrease/Increase(-) in contract assets		292	-19,967
Increase/Decrease(-) in contract liabilities		-19,898	17,886
Decrease/Increase(-) in indemnification assets		-1,621	2,642
Decrease/Increase (-) in non-current assets		-5,424	-33
Increase/Decrease(-) in non-current liabilities		-	-178
Decrease/Increase (-) in current financial assets		1,500	1,426
Increase/Decrease(-) in provisions and employee benefit		-3,838	2,783
Other changes		-584	6,129
		-78,028	**-58,269**
Interest paid		-21,127	-26,159
Interest paid for leases	4.4	-2,158	-2,180
Interest received	4.4	2,788	2,592
Income taxes paid		-17,218	-11,972
Net cash from operating activities		**45,195**	**33,237**
Cash flow from investing activities			
Purchase of property, plant and equipment		-16,096	-14,116
Payments for capitalized development expenses		-2,436	-10,541
Proceeds from sale of property, plant and equipment		213	601
Acquisition of subsidiaries, net of cash acquired	6.1	-19,624	-
Net cash flow used in investing activities		**-37,943**	**-24,057**
Cash flow from financing activities			
Proceeds from sale to non-controlling interest	4.6	2,291	-
Proceeds from borrowing	4.7	90,000	183,043
Payment of borrowings	4.7	-97,984	-157,320
Payment of borrowing cost	4.7	-1,627	-11,243
Payment of lease liabilities	3.2	-10,320	-7,486
Net cash flow used in financing activities		**-17,641**	**6,994**
Effect of exchange rate changes on cash and cash equivalents		-3,222	-986
Net increase / decrease (-) in cash and cash equivalents		**-13,612**	**15,188**
Cash and cash equivalents at the beginning of the period		62,524	47,336
Cash and cash equivalents at the end of the period	4.3	**48,912**	**62,524**

The Notes to the Consolidated Financial Statements on page 40 to 86 form an integral part of these consolidated financial statements.

Consolidated statements of changes in equity

For the year ended December 31, 2024

		Attributable to owners of the Group									
Amounts in USD thousands	*Note*	**Share capital [1)]**	**Share premium**	**Hedging reserve**	**Pension remeasurement reserve**	**Other reserve**	**Currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at January 1, 2024		**0**	**601,539**	**1,098**	**2,036**	**9,967**	**2,075**	**-20,832**	**595,881**	**-**	**595,881**
Profit / loss(-) for the period of 2024		-	-	-	-	-	-	44,780	44,780	739	45,519
Other comprehensive income		-	-	-3,348	453	-	-21,591	-	-24,486	-	-24,486
Total comprehensive income		**-**	**-**	**-3,348**	**453**	**-**	**-21,591**	**44,780**	**20,295**	**739**	**21,033**
Share-based payments	2.5	-	-	-	-	5,557	-	-	5,557	-	5,557
Sale of ownership interest in Hydril Arabia	4.6		-	-	-	8,891	**-**	**-**	8,891	431	9,322
Balance at December 31, 2024		**0**	**601,539**	**-2,250**	**2,489**	**24,415**	**-19,516**	**23,948**	**630,624**	**1,170**	**631,794**

1) Share capital is USD 0.003 thousand at December 31, 2024

For the year ended December 31, 2023

		Attributable to owners of the Group									
Amounts in USD thousands	*Note*	**Share capital [1)]**	**Share premium**	**Hedging reserve**	**Pension remeasurement reserve**	**Other reserve**	**Currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1		**0**	**601,539**	**-1,769**	**2,019**	**-**	**-3,051**	**-31,607**	**567,130**	**-**	**567,130**
Profit / loss(-) for the period of 2023		-	-	-	-	-	-	10,775	10,775	-	10,775
Other comprehensive income		-	-	2,867	17	-	5,126		8,009	-	8,009
Total comprehensive income		**0**	**-**	**2,867**	**17**	**-**	**5,126**	**10,775**	**18,785**	**-**	**18,785**
Share-based payments	2.5	-	-	-	-	9,967	-	-	9,967	-	9,967
Balance at December 31, 2023		**0**	**601,539**	**1,098**	**2,036**	**9,967**	**2,075**	**-20,832**	**595,881**	**-**	**595,881**

1) Share capital is USD 0.003 thousand at December 31, 2023

Amsterdam, April 28, 2025

Daniel W. Rabun
(Chairman of the board,
appointed as per 21.10.2024)

Karl Erik Kjelstad
(Vice Chairman)

Kristian M. Røkke
(Board member)

Georgia M. Magno
(Board member)
appointed as per 06.03.2025)

Judson E. Bailey
(Board member)

The Notes to the Consolidated Financial Statements on page 40 to 86 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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 Weerdestein 97, 1083GG Amsterdam, Netherlands. Due to listing of its bond on Oslo Stock Exchange (Norway) on November 4, 2022, HMH Holding B.V. was considered a public interest entity in the European Union (EU-PIE) as at December 31, 2022. Due to fully repayment of this bond on November 22, 2023 and November 28, 2023, HMH Holding BV is not considered to be an EU-PIE as at December 31, 2024. The Group issued a new bond on October 30, 2023 and intends to list the bond on the Oslo Stock Exchange during the first half of 2025, and will become an EU-PIE at the moment of the bond listing.

The HMH group was incorporated on April 28, 2021 and operationally established with effect from October 1, 2021, through the parent company's acquisition of all shares in MHWirth business from Akastor and the Subsea Drilling System business from Baker Hughes. 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. The Group's vision is centered on an unparalleled commitment to quality and yielding economic advantages for customers and stakeholders. HMH Holding B.V. Group has a global span covering five continents with offices in 16 countries.

Basis of preparation

Statement of compliance

The consolidated financial statements of the Group are part of the statutory financial statements of the Group. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code. The consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2025.

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 4.5 Capital management.

Certain amounts in prior year periods have been reclassified to conform with current period presentation.

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 the Group's functional currency. All financial information presented in USD has been rounded to the nearest thousand (USD thousand), except when otherwise stated. In the statement of comprehensive income, income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers. 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 judgments

The preparation of 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 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 judgment 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 judgments.

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.

New and amended standards and interpretations

In 2024 new standards and amendments to existing standards have become effective. This is related to the following standards:

- 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)

The adoption of these items did not have a significant impact on the Group's consolidated financial statements.

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, 2025. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11

The group is currently working with identifying the impact the IFRS 18 Presentation and Disclosures in Financial Statements will have on the primary financial statements and notes to the financial statements.

1.2 Material accounting policies

Summary of material 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.

Business combinations

Most business combinations are governed by IFRS 3 Business combinations. However, the standard does not apply to the accounting for the formation of a joint venture in the financial statements of the joint venture itself nor does it apply to a combination of entities under common control.

HMH concluded that the formation of the Group was considered to be a business combination under common control on the formation of a joint venture, outside the scope of IFRS 3. HMH developed and adopted an accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors of measuring the transaction at fair value in the consolidated financial statements. Under this method, the contribution of the MHWirth and SDS business was accounted for under the acquisition method set out in IFRS 3, whereby assets and liabilities are measured at fair value on acquisition date.

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.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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 joint ventures and associates 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

The consolidated financial statements are presented in USD. Assets and liabilities of non-U.S. operations with a functional currency other than USD have been translated into USD using the Group's period end exchange rates, and revenue, expenses and cash flows have been translated at average rates for the respective periods. Any resulting translation gains and losses are included in other comprehensive income (loss). The impact of remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of the Group or its subsidiaries is included in the consolidated statements of income.

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.

Foreign currency differences are recognized in other comprehensive income and accumulated in the currency translation reserve.

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

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized costs or 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.

The Group derecognizes 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled or expire. The Group also derecognizes 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 recognized 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 recognized in profit or loss.

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 Group evaluates the expected credit losses of accounts receivable, considering historical credit losses, current customer-specific information and other relevant factors when determining the allowance. The Group monitors customer payment history and current creditworthiness to determine that collectability of the related financial assets is reasonably assured. The Group also considers the overall business climate in which 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. 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. Restricted cash may include legally restricted deposits held as compensating balances against short-term borrowing arrangements, contracts entered into with others or company statements of intention with regard to particular deposits. The Group held an immaterial balance of restricted cash as of December 31, 2024 and December 31, 2023.

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.

Other equity
Other Equity refers to equity items that do not fall under the usual categories such as share capital, share premium, retained earnings, or reserves. This category can include various types of equity instruments and transactions that have specific accounting treatments. Refer to note 4.6 for details.

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. Financial instruments, including derivatives, are only used to mitigate risk and are not used for trading and/or speculation purposes.

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 is 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 judgments (Revenue recognition) and note 2.1 Revenue.

Contract assets
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.

Contract liabilities
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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. The deferred tax assets acquired before the incorporation of the HMH Group are retained by the shareholders. Shareholders have the right to bill HMH when deferred tax assets are utilized. The fair value of the obligation to shareholders is acknowledged within the Group and is presented as other non-current liabilities. 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 realizable value, whichever is lower. The net sales value for raw materials and work in progress (goods under production) is calculated as the net realizable value of the finished products less the remaining production and sales costs. In the case of manufactured inventories and work in progress, cost should include an appropriate share of attributable costs based on normal operating capacity. The inventory policy also applies for project inventory, which is inventory purchased based on project demands, but that has not yet been issued to projects.

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.

Legal disputes and contingent liabilities

Given the scope of the Group's worldwide operations, its subsidiaries are inevitably involved in legal disputes in the course of their business activities. In addition, the Group from time to time engages in mergers, acquisitions and other transactions that could expose the Group 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 provisions 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.

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 note 6.1 Business combinations.

Goodwill is measured at cost less accumulated impairment losses. In respect of investments in associated and joint ventures, 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 investments in joint venture and associates 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, Patents and rights, Customer relations

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. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

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.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. See note 1.3 for more information.

1.3 Significant accounting estimates and judgments

Estimates and judgements

Estimates and judgments 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 contract change orders 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 stage of completion 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

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. A provision is made for expected warranty expenditures. The warranty period is normally 12 to 30 months depending on the specific customer contract and terms. Reference is made to note 7.2 Provisions for further information about provisions for warranty expenditures.

Impairment of financial assets

The Group holds various financial assets, which may be subject to impairment if there are indicators of potential declines in their recoverable amounts. In such cases, impairment tests are conducted to evaluate whether adjustments to carrying values are necessary. These tests typically involve estimating future cash flows, determining appropriate discount rates, and making assumptions about market conditions, all of which require significant management judgment and analysis.

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. There have been no changes in cash-generating units in 2024. References are made to note 3.1 Property, plant and equipment and note 3.3 Intangible assets and goodwill.

Right-of-use asset

The Group considers whether there are indications of impairment on the carrying amounts of rights-of-use 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 3.2 Right-of-use assets and related lease liabilities.

Impairment of Goodwill

The Group performs impairment testing of goodwill annually or more frequently if any impairment indicators are identified. When applicable, the Group carries forward and uses the most recent detailed calculation of a cash-generating unit's recoverable amount made in a preceding period, provided all of the following criteria are met: a) the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation, b) the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and c) based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote. The recoverable amounts of cash-generating units to which goodwill is allocated have been determined based on fair value in use. 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. No impairment was recorded during the years ended December 31, 2024 or 2023.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment 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.

Fair value

The determination of the fair value and the useful lives of the assets and liabilities acquired is performed, which required the application of judgment. 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 estimate has been exercised.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Including:

a) Derivatives (note 4.2)
b) Acquisitions (note 6.1)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized 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.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Section 2 - Operating performance

2.1 Revenue

Disaggregation of revenue and other income
Revenue and other income is disaggregated in the following table by major contracts and revenue types and timing of revenue recognition. Revenue from contracts with customers amounts to USD 840.6 million (USD 782.6 million in 2023) and other income amounts to USD 2.6 million (USD 3.0 million in 2023)
See note 2.2 for description of the segments ESS and PCS.

For the year ended December 31, 2024

Amounts in USD thousands	ESS	PCS	Total
Major contract/revenue types			
Project and other manufacturing contracts revenue	33,551	36,910	70,461
Sale of products	108,610	50,064	158,674
Service revenue	190,767	175,341	366,108
Spare parts revenue	110,806	137,219	248,025
Revenue and other income	**443,734**	**399,534**	**843,268**
Timing of revenue recognition			
Transferred over time	190,658	128,435	319,093
Transferred at point in time	253,076	271,100	524,176
Revenue and other income	**443,734**	**399,534**	**843,268**

For the year ended December 31, 2023

Amounts in USD thousands	ESS	PCS	Total
Major contracts/revenue types			
Project and other manufacturing contracts revenue	26,877	50,816	77,693
Sale of products	58,912	51,753	110,665
Service revenue	189,419	139,368	328,787
Spare parts revenue	105,121	163,313	268,434
Revenue and other income	**380,330**	**405,249**	**785,579**
Timing of revenue recognition			
Transferred over time	132,054	121,950	254,004
Transferred at point in time	248,276	283,299	531,575
Revenue and other income	**380,330**	**405,249**	**785,579**

Amounts in USD thousands	2024	2023
Trade receivables included in "Trade receivables and other current assets"	133,986	130,659
Contract assets	143,360	143,652
Contract liabilities	55,627	75,525

Transaction price allocated to the remaining performance obligations
In 2024 the aggregate amount of the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was USD 464.8 million (USD 355.5 million in 2023). In 2024, the Company expected to recognize substantially all of the revenue from the total remaining performance obligations over the next 12 months. Contract modifications could affect both the timing to complete as well as the amount to be received as the Company fulfils the related remaining performance obligations.

2.1 Revenue (Continued)

The following provides information about nature of performance obligations, including significant payment terms, and related significant revenue recognition policies.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The assessment is made on contract-by-contract basis. Refer to note 1.3 for description of the significant estimates in the revenue recognition.

Type of contract/revenue	**Nature of performance obligations, including significant payment terms**	**Significant revenue recognition policies**
Project and other manufacturing contracts	Under project and other manufacturing contracts, specialized products are built to a customer's specifications and the assets have no alternative use to the Group. If a project or other manufacturing contract is terminated by the customer, the Group has an enforceable right to payment for the work completed to date. The contracts establish a legally enforceable milestone payment schedule as well as a legally enforceable right to receive payment for work completed. Each of the project or other manufacturing contracts normally includes a single, combined output for the customer, such as an integrated drilling equipment package. A single performance obligation, satisfied over time, is identified in each contract. Project and other manufacturing contracts revenue is presented in product revenue on the consolidated statements of income. Normal payment terms for project and other manufacturing contracts are 30 to 45 days.	Revenue from project and other manufacturing contracts is recognized according to progress. The input method used to measure progress is determined by reference to the costs incurred to date relative to the total estimated contract cost. Because of the uniqueness of the project and the required engineering in the initial phases of construction contracts, the Group may defer recognition of revenue, in excess of costs, until the point that progress can be measured reliably, which is when a project is approximately 20% complete. The Group considers milestone payments as variable consideration, with the full milestone payment representing the most likely outcome based on the Group's historical experience. In addition, liquidated damages are 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 are accounted for as a separate contract when the deliveries are distinct from deliveries in the main contract, and the pricing of the deliveries in the variation order is based on stand-alone selling prices. Contract modifications is only accounted for when the modification is approved by the customer. If the modification is approved, but price is not yet settled, revenue is only recognized when it is highly probable that it will not be reversed.
Service revenue	Service revenue is generated from the rendering of various aftermarket services for installed products to customers. This offering includes field service, maintenance, overhaul and repair. Field service, maintenance and overhaul and repair services are satisfied over time as the customers simultaneously receive and consume the benefits provided by these services. For service contracts with multiple performance obligations, the Group allocates the transaction price based on the stand-alone selling price of each performance obligation. The Group determines the stand-alone selling price based on observable prices or will use an estimation method if observable prices are not available. Normal payment terms for service revenue are 30 to 45 days.	Service revenue associated with field service, maintenance and overhaul and repair is recognized according to progress or the as-invoiced amounts, when the invoiced amounts directly correspond with the benefit of the services that are transferred to the customers. Progress is measured using the input method based on labor hours incurred.
Spare parts revenue	Revenue from spare parts, which involve physical transfer of goods, is satisfied at a point of time when control transfers to the customers, according to the contract terms. Normal payment terms for spare parts revenue are 30 to 45 days.	Revenue from spare parts is recognized when the customers obtain control of the goods, according to the contract terms, typically at physical shipment of goods.

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 according to the contract terms. The Group has assessed that these performance obligations are satisfied at a point of time. Revenue for sale of products is presented in product revenue on the consolidated statements of income. For contracts with multiple performance obligations, the Group allocates the transaction price based on the stand-alone selling price of each performance obligation. The Group determines the stand-alone selling price based on observable prices or will use an estimation method if observable prices are not available. Normal payment terms for sale of products are 30 to 45 days.	Revenue from these performance obligations is recognized when the customers obtain control of the goods, according to the contract terms.

2.2 Operating segments

Basis for segmentation
As at December 31, 2024, 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:

Equipment and System Solutions (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.

Pressure Control Systems (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 re-certification and reactivation of rigs, technical and operational rig support which includes a 24/7 support centre 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 Material accounting policies.

Amounts in USD thousands	ESS	PCS	**Total operating segments**	Eliminations	Headquarter	**Total HMH**
For the year ended December 31, 2024						
Income statement						
External revenue and other income	443,733	399,535	**843,268**	-	-	**843,268**
Inter-segment revenue	5,549	10,115	**15,664**	-15,664	-	**-**
Total revenue and other income	**449,282**	**409,649**	**858,932**	**-15,664**	**-**	**843,268**
Operating profit before interest, depreciation and amortization	**67,891**	**106,273**	**174,164**	**-**	**-11,998**	**162,166**
Depreciation and amortization						**-47,629**
Operating profit / loss(-)						**114,537**
Net finance income/expense						**-44,486**
Profit / loss(-) before tax						**70,051**

Amounts in USD thousands	ESS	PCS	**Total operating segments**	Eliminations	Headquarter	**Total HMH**
For the year ended December 31, 2023						
Income statement						
External revenue and other income	380,330	405,249	**785,579**	-	-	**785,579**
Inter-segment revenue	8,284	7,948	**16,232**	-16,232	-	**-**
Total revenue and other income	**388,614**	**413,197**	**801,811**	**-16,232**	**-**	**785,579**
Operating profit before interest, depreciation and amortization	**29,998**	**100,090**	**130,087**	**-**	**-7,860**	**122,227**
Depreciation and amortization						**-44,683**
Operating profit / loss(-)						**77,544**
Net finance income/expense						**-50,113**
Profit / loss(-) before tax						**27,431**

2.2 Operating segments (Continued)

Geographical information
Geographical revenue is presented on the basis of the geographic regions from which our revenues originated during the years ended December 31, 2024 and 2023, though much of our installed base may be deployed or operating in a different geographic region. Non-current assets are presented based on the geographical location of the asset.

			2024			2023
Amounts in USD thousands	ESS	PCS	**Revenue**	ESS	PCS	**Revenue**
USA	41,713	262,556	304,269	42,200	256,182	298,381
Norway	206,691	-	206,691	178,369	-	178,369
Germany	99,453	-	99,453	62,002	-	62,002
UK	8,688	63,914	72,602	8,722	58,750	67,473
Singapore	12,792	32,773	45,565	11,039	38,998	50,037
Brazil	22,238	9,589	31,827	20,868	8,027	28,895
Azerbaijan	17,272	3,481	20,754	17,096	3,662	20,758
UAE	19,904	0	19,904	21,936	4,299	26,236
Saudi Arabia	-	19,314	19,314	-	10,839	10,839
China	4,215	6,605	10,820	5,979	18,229	24,208
Australia	10,767	-	10,767	10,236	-	10,236
Other countries	-	1,302	1,302	1,883	6,263	8,146
Revenue	**443,733**	**399,535**	**843,268**	**380,330**	**405,249**	**785,579**

Non-current assets excluding deferred tax assets and financial instruments

Amounts in USD thousands	**2024**	**2023**
As at December 31		
HQ Netherlands[1)]	382,809	404,652
USA	183,786	164,109
Norway	43,614	44,584
Brazil	25,211	31,210
Germany	19,281	22,812
Other countries	12,521	12,260
Mexico	4,439	4,864
Consolidated assets	**671,661**	**684,492**

[1)] HQ Netherlands assets is mainly Goodwill accounted for in HMH Holding B.V. and intangible assets acquired through merger of PCS and ESS.

Major customer
Our top five customers accounted for approximately 42.0% and 32.9% of our total consolidated revenues for the years ended December 31, 2024 and 2023, respectively. In 2024, one customer accounted for 18.2% of our revenues for such year. In 2023, no customers accounted for more than 10% of our revenues for such year. The loss of business from one or more significant customers, or the failure to perform under any contract with such significant customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

2.3 Inventories

As at December 31

Amounts in USD thousands	**2024**	**2023**
Stock of raw materials	26,354	38,859
Goods under production	45,585	7,981
Finished goods	208,018	194,564
Total inventories	**279,957**	**241,404**

Recognized as expense in the period	-98,766	-74,771
Write-down of inventories in the period	-5,747	-783
Reversal of write-down in the period	399	399

Finished goods

The Group purchases parts which are to be modified and used in projects. These modified parts are classified as finished goods until they are sold as part of the project. There are limited amounts of parts which are sold as unmodified products to customers. Project Stock is included as inventory and amounts to USD 21.1 million as at 2024 (USD 22.9 million in 2023).

2.4 Trade receivables and other current assets

As at December 31

Amounts in USD thousands	**2024**	**2023**
Trade receivables	133,986	130,659
Provision for expected credit loss	-5,559	-6,747
Total trade receivables, net of provision	**128,426**	**123,912**
Other receivables	1,658	2,414
Advances to suppliers	4,098	16,148
Unbilled receivables	22,653	17,281
Prepaid expenses	17,176	13,899
Public duty and tax refund	7,702	4,551
Total receivables and other current assets	**181,712**	**178,205**

Book value of trade and other receivables is approximately equal to fair value.

Aging of trade receivables

Amounts in USD thousands	**2024**	**2023**
Not overdue	97,744	90,554
Past due 0-30 days	19,611	19,461
Past due 31-90 days	5,767	10,754
Past due 91 days	10,864	9,890
Total trade receivables	**133,986**	**130,659**

A majority of the trade receivables past due is related to key customers. These outstanding receivables are monitored regularly and impairment analysis is performed on an individual basis for key customers. As at December 31, 2024, provision of impairment of USD 5,6 million was recorded on receivables (2023: USD 6,8 million). See below for the movements in the provision for impairment of receivables.

Amounts in USD thousands	**2024**	**2023**
Balance as at January 1	6,747	3,811
Change in expected credit loss	-180	2,906
Unused amounts reversed	-799	-24
Currency translation differences	-209	54
Balance as at December 31	**5,559**	**6,747**

2.5 Employee benefits expenses

Amounts in USD thousands	2024	2023
Salaries and wages including holiday allowance	195,821	173,430
Social security tax / national insurance contribution	18,914	16,127
Pension costs	6,258	6,234
Other employee costs [1)]	18,827	22,847
Salaries, wages and social security costs	**239,820**	**218,637**

[1)] Other employee costs include employee recognition and rewards, employee training and development costs, employee safety and health programs and other benefits.

Average number of employees (FTE)	2024	2023
Norway	609	595
Germany	212	216
United States	603	575
Brazil	223	213
Other countries	408	392
Total	**2,055**	**1,991**

Share-based payment program (equity-settled)

On January 31, 2022 the Board of Directors (BoD) of HMH Holding B.V. established an award program to management and certain employees to entitle them to a cash payment when certain strategic goals are achieved (Phantom program).

At grant date (January 31, 2022) the Board of Directors (BoD) awarded USD 10 million to the participants of the program based on an equity value of the Company of USD 600 million. The amount of the cash payment is determined based on the increase/decrease of the equity value of the Group. The program expires at the end of the a eight-year period after grant date. The program will fully vest in the event of change of control or initial public offering. The total carrying amount for this share based payment scheme as at December 31, 2024 is USD 8.2 million (2023: USD 6.2 million).

At grant date (September 1, 2022) the BoD awarded USD 5 million to the participants of the program based on an equity value of the Company of USD 600 million. The program expires at the end of the a three-year period after grant date. The program will fully vest in the event of change of control or initial public offering. The total carrying amount for this share based payment scheme as at December 31, 2024 is USD 4.1 million (2023: USD 3.2 million).

In Q4 2023, HMH Management has reassessed the Phantom and LTI 2022 share-based payment programs and concluded that the awards will most likely be settled in shares and not in cash as assessed earlier. As a result of this change in the expected settlement of these two awards, the Group has reassessed the accounting implications and concluded that it is a modification of these share-based programs. As a result of the modification, these two awards were reclassified from cash-settled to equity-settled awards on a prospective basis from the date of modification in the amount of USD 9.967 million. 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 in the balance sheet. For the Phantom program, the update in the forfeiture rate indicated that difference between the carrying amount of the liability and the fair value recognized in equity was USD 0.0 million which was immediately recognized in profit or loss. For the LTI 2022 program, management concluded that there was no difference in the carrying amount of the liability and the fair value of the equity recorded; the profit or loss effect is null at the modification date.

At September 1, 2023, the BoD of HMH Holding B.V. established a share-based incentive program covering certain key personnel employees to entitle them to a equity payment when certain strategic goals are achieved (LTI 2023 program). At grant date (September 1, 2023) the BoD awarded USD 5 million to the participants of the program based on an equity value of the Company of USD 700 million. The program expires at the end of the a three-year period after grant date. The total carrying amount for this share based payment scheme as at December 31, 2024 is USD 2.6 million (2023: USD 0.6 million).

At September 1, 2024, the BoD of HMH Holding B.V. established a share-based incentive program covering certain key personnel employees to entitle them to a equity payment when certain strategic goals are achieved (LTI 2024 program). At grant date (September 1, 2024) the BoD awarded USD 5 million to the participants of the program based on an equity value of the Company of USD 1 billion. The program expires at the end of the a three-year period after grant date. The total carrying amount for this share based payment scheme as at December 31, 2024 is USD 0.4 million.

Total amount expensed in 2024 is USD 5.557 million (USD 9.967 million in 2023). 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 liabilities relate to Norway and Germany. The welfare and support fund are closed for new entries. The welfare and support fund is recorded as other non-current liabilities and not as pension. See note 7.1.

For pension plans in Norway and Germany there are no material changes in term of pension agreements in 2024 compared to 2023.

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. This does not apply in the case of partial retirement.

2.5 Employee benefits expenses (Continued)

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/she 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 installments 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.

The estimated contributions expected to be paid to the German plan during 2025 amount to USD 766 thousand.

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 2025 amount to USD 144 thousand.

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 1,184 employees in 2024 (2023: 1,184 employees).

Pension cost

Amounts in USD thousands	*Note*	**2024**	**2023**
Defined benefit plans		464	206
Defined contribution plans including AFP		5,794	6,028
Total pension cost		**6,258**	**6,234**

Net employee defined benefit obligations

Amounts in USD thousands	**2024**	**2023**
Defined benefit plans Norway	8,040	9,083
Defined benefit plans Germany	8,581	8,947
Defined benefit plans other countries	208	1,124
Total employee benefit obligations	**16,828**	**19,154**

Movement in net defined benefit liability

Amounts in USD thousands	**2024**	**2023**
Liability as at January 1	19,153	18,797
Included in profit / loss(-)		
Service cost	464	206
Interest cost (income)	764	523
Total	**1,228**	**729**
Included in OCI		
Remeasurement (loss) gain arising from		
- financial assumptions	-26	112
- experience adjustments	158	-212
- currency adjustments	-699	88
Total	**-567**	**-13**
Other		
Contributions paid into the plan	-1,501	-1,104
Foreign currency translation adjustment	-1,485	743
Total	**-2,986**	**-361**
Liability as at December 31	**16,828**	**19,153**

2.5 Employee benefits expenses (Continued)

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 at October 1, 2021. HMH have booked a receivable in HMH Holding B.V. towards Akastor for their part of the total pension liability, see indemnification assets in note 7.3 Related party transactions.

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.

	2024		2023	
	Norway	Germany	Norway	Germany
Discount rate	3.90%	3.06%	3.10%	3.69%
Salary progression	4.00%	2.60%	3.50%	2.60%
Pension indexation	2.40%	2.00%	1.80%	2.00%
Mortality table	K2013	RT 2018 G	K2013	RT 2018 G

The discount rates and other assumptions for Norway in 2024 and 2023 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.

	2024		2023	
Years	Norway	Germany	Norway	Germany
Life expectancy of males after pension	22.8	20.9	22.7	20.6
Life expectancy of females after pension	26.1	24.3	26.0	24.0

As at December 31, 2024, the weighted-average duration of the defined benefit obligation was 9.76 years (2023: 9.98 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 at December 31, 2024 and December 31, 2023 by the amounts shown below.

Amounts in USD thousands	**Change in defined benefit obligation**	
Change in actuarial assumptions	Increase	Decrease
2024		
Discount rate (1% decrease/increase movement)	1,171	1,415
Future salary growth (1% increase/decrease movement)	1,290	1,277
Future pension growth (1% increase/decrease movement)	1,406	1,282

	Change in defined benefit obligation	
Change in actuarial assumptions	Increase	Decrease
2023		
Discount rate (1% decrease/increase movement)	1,170	1,418
Future salary growth (1% increase/decrease movement)	1,292	1,278
Future pension growth (1% increase/decrease movement)	1,409	1,283

2.6 Other operating expenses

Amounts in USD thousands	**2024**	**2023**
External consultants inclusive audit fees	41,357	31,505
Other costs for premises and equipment	29,873	32,287
Insurance	7,239	5,190
Travel expenses	6,968	5,127
Other	3,489	1,077
Total other operating expenses	**88,926**	**75,187**

Fees to the auditors
The table below summarizes audit fees, as well as fees for audit related services, tax services and other services incurred by the Group during the periods for 2023 and 2024.

The following fees were charged by KPMG Accountants N.V. and the KPMG Network to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code.

		2024			**2023**	
Amounts in USD thousands	KPMG Accountant N.V	Other KPMG network	**Total**	KPMG Accountant N.V	Other KPMG network	**Total**
Audit	520	3,304	3,824	551	1,909	2,459
Other audit services	280	-	280	-	1,690	1,690
Tax advisory services	-	22	22	-	10	10
Other non-audit services	-	4	4	-	-	-
Total	**800**	**3,329**	**4,129**	**551**	**3,608**	**4,159**

The Group has also paid an audit fee of USD 62 thousand to other auditors in subsidiaries in 2024 (2023: USD 134 thousand).

The fees mentioned in the table for the audit of the financial statements (and other audit engagements) are related to the work performed during the reporting period by the external auditor.

2.7 Trade payables and other current liabilities

As at December 31

Amounts in USD thousands	*Note*	**2024**	**2023**
Trade creditors		108,327	116,733
Accruals		117,314	116,452
Trade payables	*4.2*	**225,641**	**233,185**
Duties and tax		9,550	9,427
Deferred settlement obligations		1,131	744
Total trade payables and other current liabilities		**236,322**	**243,356**

Book value of trade payables and other current liabilities is approximately equal to fair value.

Section 3 - Asset base

3.1 Property, plant and equipment

Amounts in USD thousands	*Note*	**Buildings and land**	**Machinery, equipment, software**	**Assets under construction**	**Total**
Historical cost					
Balance as at January 1, 2024		**166,325**	**83,672**	**5,695**	**255,692**
Additions		327	1,950	12,224	**14,501**
Additions through business combinations	*6.1*	-	439	-	**439**
Reclassifications [1)]		23	-5	-1,113	**-1,095**
Transfer from assets under construction		2,181	10,930	-13,111	**0**
Disposals and scrapping		-	-4,698	-	**-4,698**
Currency translation differences		-17,218	-7,076	-570	**-24,864**
Balance as at December 31, 2024		**151,638**	**85,212**	**3,125**	**239,975**
Accumulated depreciation					
Balance as at January 1, 2024		**-22,670**	**-18,188**	**-**	**-40,858**
Depreciation for the period		-5,686	-12,922	-	**-18,608**
Reclassifications [1)]		-	1,702	-	**1,702**
Disposals and scrapping		-	4,485	-	**4,485**
Currency translation differences		6,640	5,347	-	**11,987**
Balance as at December 31, 2024		**-21,716**	**-19,576**	**-**	**-41,292**
Book value as at January 1, 2024		**143,655**	**65,484**	**5,695**	**214,834**
Book value as at December 31, 2024		**129,923**	**65,636**	**3,125**	**198,684**

[1)] Reclassification from Property, plant and equipment to Intangibles.

Amounts in USD thousands	*Note*	**Buildings and land**	**Machinery, equipment, software**	**Assets under construction**	**Total**
Historical cost					
Balance as at January 1, 2023		**155,278**	**82,171**	**1,398**	**238,847**
Additions		6,173	2,505	5,439	**14,116**
Reclassifications [1)]		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**
Balance as at December 31, 2023		**166,325**	**83,672**	**5,695**	**255,692**
Accumulated depreciation					
Balance as at January 1, 2023		**-7,847**	**-13,325**	**-**	**-21,172**
Depreciation for the period		-15,018	-3,876	-	**-18,894**
Disposal and scrapping		-	-226	-	**-226**
Currency translation differences		195	-762	-	**-567**
Balance as at December 31, 2023		**-22,670**	**-18,188**	**-**	**-40,858**
Book value as at January 1, 2023		**147,431**	**68,846**	**1,398**	**217,675**
Book value as at December 31, 2023		**143,655**	**65,484**	**5,695**	**214,834**

[1)] Reclassification from Property, plant and equipment to Intangibles.

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	**2024**	**2023**
Balance as at January 1	**34,149**	**37,138**
Depreciation	-7,695	-6,212
Additions	4,706	271
Remeasurement	8,439	3,327
Currency translation differences	-2,512	-375
Balance as at December 31	**37,087**	**34,149**

Lease liabilities

Amounts in USD thousands	**2024**	**2023**
Balance as at January 1	**37,339**	**39,923**
Cash flows, principal payments	-10,108	-7,054
Additions	4,706	271
Remeasurement	8,439	3,326
Change in accrued interest	2,150	2,218
Currency translation differences	-3,154	-1,345
Balance as at December 31	**39,372**	**37,339**
Current lease liabilities	**8,688**	**8,722**
Non-current lease liabilities	**30,684**	**28,617**

The maturity analysis of lease liabilities is disclosed in note 4.1.

Lease payments recognized in the income statement

Amounts in USD thousands	**2024**	**2023**
Depreciation expense of right-of-use assets	7,695	8,126
Interest expense on lease liabilities	2,158	2,180
Expenses related to short-term leases and low value items	246	563
Total	**10,100**	**10,868**

Total cash flow

Amounts in USD thousands	**2024**	**2023**
Lease payments	-10,074	-6,923
Short-term and low-value leases	-246	-563
Total lease cash flow	**-10,320**	**-7,486**

Lease liabilities expiring within the following periods from the balance dates:
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 at December 31, 2024, the Group estimates potential future lease payments (undiscounted) would have had an immaterial impact to the lease liability.

3.3 Intangible assets and goodwill

Amounts in USD thousands	*Note*	Development costs[2]	Goodwill	Patents and rights	Customer Relations	Total
Historical cost						
Balance as at January 1, 2024		67,129	287,848	20,550	107,893	483,420
Additions		1,406	-	17	-	1,422
Reclassifications and other changes[1]		1,888	-	2	-	1,890
Acquisition through business combination	*6.1*	6,000	14,125	-	5,000	25,125
Disposal		-846	-	-	-	-846
Currency translation differences		-8,358	-1,033	-462	-	-9,852
Balance as at December 31, 2024		**67,219**	**300,940**	**20,108**	**112,893**	**501,159**
Accumulated amortization						
Balance as at January 1, 2024		**-13,132**	**-**	**-8,890**	**-25,081**	**-47,102**
Amortization for the period		-6,343	-	-2,927	-12,054	-21,326
Reclassification [1]		-1,123	-	-	-	-1,123
Disposal and scrapping		846	-	-	-	846
Currency translation differences		4,618	-	190	-	4,809
Balance as at December 31, 2024		**-15,134**	**-**	**-11,627**	**-37,135**	**-63,897**
Net book value as at January 1, 2024		**53,997**	**287,848**	**11,661**	**82,813**	**436,318**
Net book value as at December 31, 2024		**52,085**	**300,940**	**8,481**	**75,758**	**437,263**
Useful life		**3-8**	**Indefinite**	**3-5**	**2-20**	

[1] Reclassification from Property, plant and equipment to Intangibles and other changes within intangible assets.

[2] Our ongoing R&D efforts are being orchestrated across multiple locations, including Norway, Germany, and the United States. These activities are primarily centered on the following areas:
- Development of a rotating control device along with associated equipment to enable open water, riserless drilling.
- Design and construction of a tested for the development of the electric BOP actuators, motors and controllers for use in offshore surface (platforms and jack-ups), subsea and land applications.
- Development of automation and digitalization solutions and digitally-powered services to improve customer efficiency, reduce emissions and improve customer competitiveness.

Amounts in USD thousands	Development costs	Goodwill	Patents and rights	Customer Relations	Total
Historical cost					
Balance as at January 1, 2023	56,321	287,525	21,141	105,611	470,599
Reclassifications	728	-	-	1,686	2,413
Additions	10,541	-	-	-	10,541
Currency translation differences	-460	322	-591	596	-133
Balance as at December 31, 2023	**67,129**	**287,848**	**20,550**	**107,893**	**483,420**
Accumulated amortization					
Balance as at January 1, 2023	-7,082	-	-4,500	-15,064	-26,646
Amortization for the period	-5,851	-	-4,303	-9,423	-19,577
Currency translation differences	-199	-	-87	-594	-880
Balance as at December 31, 2023	**-13,132**	**-**	**-8,890**	**-25,081**	**-47,103**
Net book value as at January 1, 2023	**49,238**	**287,525**	**16,642**	**90,547**	**443,953**
Net book value as at December 31, 2023	**53,997**	**287,848**	**11,661**	**82,813**	**436,318**
Useful life	**3-8**	**Indefinite**	**3-5**	**2-20**	

Development costs
Development is acquired through business combinations.
Development costs that are not eligible for capitalization have been expensed in the period incurred and recognized as other operating expenses.

Amortization
Intangible assets other than goodwill have finite useful lives and are amortized over the expected economic life.

Goodwill
At December 31, 2024 the carrying amount of goodwill is USD 300,939 thousand (2023: USD 287,848 thousand). See note 3.4 Impairment testing of goodwill.

3.4 Impairment testing of goodwill

Goodwill mainly arose from the formation of HMH Holding B.V in 2021 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	**2024**	**2023**
ESS	183,585	184,503
PCS	117,354	103,345
Total goodwill	**300,939**	**287,848**

Impairment testing for cash-generating units containing goodwill

The Group conducted its annual impairment test for the goodwill by carrying forward the most recent detailed calculation of its recoverable amount from the preceding period. This approach was considered appropriate as the assets and liabilities of the CGUs have not changed significantly since last year's recoverable amount calculation, and the previous calculation indicated that the recoverable amount significantly exceeded the carrying amount of the CGU. Additionally, an analysis of events and changes in circumstances since the prior assessment indicated that the likelihood of the current recoverable amount being lower than the carrying amount is remote.

The recoverable amount was based on value-in-use at December 31, 2023, estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented 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 were based on budget and strategic forecast for the periods 2024 - 2028. 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 judgment, given the significant degree of uncertainty regarding oilfield service activities in the forecast period.

Revenue growth The Group estimated a revenue for the year 2024 and growing at a compounded annual growth rate (CAGR) between 2024 and 2028. Revenue growth through 2026 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 2028 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 2.0% (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 were 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 were 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 were 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	**2023**	**2023**
ESS	10.5 %	8.4 %
PCS	10.5 %	8.7 %

Other key assumptions	**ESS**	**PCS**
Compounded annual growth rate (CAGR for years 2025-2029)	6.8 %	2.5 %
Terminal growth rate	2.0 %	2.0 %

Sensitivity to changes in assumptions
Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	ESS	**PCS**
	2023	**2023**
Forecasted revenue growth 2024-2028 (percentage points)	-1.8 %	-3.0 %
Forecasted EBITDA margin, including terminal year (percentage points)	-8.2 %	-13.3 %

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, capital risk and climate 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 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. For the years ended December 31, 2024 and 2023, 63.9% and 62.0%, respectively, of the Groups revenues were denominated in foreign 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 2024 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 end of the periods, 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 equity (OCI) [2]
		USD 000	USD 000
2024	+10%	-2,059	119
	-10%	2,517	-353
2023	+10%	1,747	-97
	-10%	-2,135	119

Year	Change in EUR rate	Effect on profit before tax [1]	Effect on pre-tax equity (OCI) [2]
		USD 000	USD 000
2024	+10%	-706	0
	-10%	863	-1
2023	+10%	-48	1
	-10%	58	-1

Year	Change in GBP rate	Effect on profit before tax [1]	Effect on pre-tax equity (OCI) [2]
		USD 000	USD 000
2024	+10%	-1,953	-
	-10%	2,387	-
2023	+10%	-1,928	-
	-10%	2,357	-

[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 OCI effect is calculated as the change in fair value of the cash flow hedge when shifting currency rate 10% up and 10% down. Only the separate equity is disclosed, i.e. excluding impact through comprehensive impact.

4.1 Financial risk management and exposures (continued)

Interest rate risk
The Group is primarily exposed to interest rate risk through the Revolver. As of December 31, 2024, the Group had USD 14.4 million of aggregate principal amount outstanding under the Revolver, which bears interest at the compounded SOFR plus an applicable margin. The Group do not currently intend to hedge the exposure to interest rate risk. The impact of a 1% increase in interest rates on outstanding debt as of December 31, 2024 would result in an annual increase in interest expense of approximately USD 0.1 million.

Obligations
HMH has provided the following guarantees on behalf of subsidiaries and related parties as at December 31, 2024 (estimated remaining exposure as at December 31, 2024):

Performance and advance payment guarantees issued on behalf of Group companies are USD 43.2 million (2023: USD 61 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.

Cash and cash equivalents are held with banks. The Group considers credit risk on its cash and cash equivalents 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 loss allowance. Loss allowance on debtors are based on individual assessments of potential risks of default and relevant forward-looking information, refer to note 1.2 Significant accounting policies, Impairment. Loss allowance on receivables were USD 5.6 million as at December 31, 2024 (2023: USD 6.8 million)

The Group evaluates that credit risk concentrations are related to trade receivables from major corporate customers in the oil and gas industry. The counterparties of HMH are within drilling and oil business and are larger companies with longer history with either the PCS or ESS business. 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. Contract assets and liabilities are stated in note 2.1. See note 2.2 and 2.4 for additional information.

The Group has the largest concentration of trade receivable and contract assets in United States and Norway representing 31% and 33%, respectively, (2023: 28% and 48%, respectively). The Group regularly monitors the credit risk related to geographical regions, its customer basis and project profile to reduce the related risk of contract assets and trade receivable.

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.

A portion of the Company's cash reserves is held in accounts domiciled in China. Due to regulatory restrictions and foreign exchange controls in China, the transfer of cash from China to other jurisdictions may be subject to limitations and delays. Consequently, the Company may face challenges in accessing these funds when needed.

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 change continues to attract considerable attention internationally, including from regulators, legislators, companies in a variety of industries, financial market participants and other stakeholders.Changes in consumer and industrial/commercial behaviour, preferences and attitudes with respect to the generation and consumption of energy, petroleum products and the use of products manufactured with, or powered by, petroleum products, may in the long-term result in:

i) The enactment of additional climate change-related regulations, policies and initiatives (at the government, regulator, corporate and investor community levels), including alternative energy requirements, new fuel consumption standards, energy conservation and emissions reductions measures and responsible energy development,
ii) Technological advances with respect to the generation, transmission, storage and consumption of energy (e.g., wind, solar and hydrogen power, smart grid technology and battery technology, and increasing efficiency) and
iii) Increased availability of, and increased consumer and industrial/commercial demand for, alternative energy sources and products manufactured with, or powered by, alternative energy sources (e.g., electric vehicles and renewable residential and commercial power supplies).

As of December 31, 2024, management assesses that there are no significant climate change risks affecting the consolidated financial statements but will continue to monitor and assess the actual and potential effects of climate risk going forward.

4.1 Financial risk management and exposures (continued)

Financial liabilities and the period in which they mature
The following is the remaining contractual maturities of financial liabilities at the reporting dates. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

As at December 31, 2024

Amounts in USD thousands	*Note*	**Book value**	**Net cash flow**	**6 months and less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-current borrowings	*4.7*	328,747	406,711	10,880	9,880	220,772	165,179	-
Current borrowings	*4.7*	14,428	15,350	15,350	-	-	-	-
Lease liabilities	*3.2*	39,372	47,280	4,326	4,326	8,265	17,748	12,615
Other non-current liabilities		14,213	5,537	-	-	-	5,537	-
Derivative financial instruments		4,612	4,574	3,296	835	442	-	-
Trade and other payables	*2.7*	236,322	236,322	236,322	-	-	-	-
Total financial liabilities		**637,693**	**715,773**	**270,174**	**15,041**	**229,480**	**188,464**	**12,615**

As at December 31, 2023

Amounts in USD thousands	*Note*	**Book value**	**Net cash flow**	**6 months and less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-current borrowings [1)]	*4.7*	315,175	415,804	9,880	9,880	19,760	376,284	-
Current borrowings	*4.7*	25,453	24,590	24,590	-	-	-	-
Lease liabilities	*3.2*	37,339	45,691	3,923	3,923	6,297	15,693	15,854
Other non-current liabilities		11,359	1,945	-	-	1,945	-	-
Derivative financial instruments		1,326	1,326	1,032	223	71	-	-
Trade and other payables	*2.7*	243,356	245,690	245,690	-	-	-	-
Total financial liabilities		**634,008**	**726,693**	**284,449**	**13,361**	**27,006**	**389,316**	**13,166**

[1)] The bond loan of USD 150 million had been refinanced by a new bond loan of USD 200 million. See note 4.7 for more information.

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.

As at December 31, 2024

Amounts in USD thousands	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Level in fair value hierarchy**
Financial assets measured at fair value				
Fair value- hedging instruments				
Derivative financial instruments	*4.2*	1,713	1,713	Level 2
Financial assets not measured at fair value				
Financial assets at amortized cost				
Cash and cash equivalents	*4.3*	48,912		
Current financial assets		3,679		
Trade receivables and other current assets	*2.4*	181,712		
Other financial assets amortized at costs	*7.3*	6,933		
Financial assets		**242,949**	**1,713**	

The fair value (Level 3) of the seller's credit against Akastor AS on proceeds from the sales or liquidation of Step Oiltools B.V. is USD 0 million as at December 31, 2024, see details in note 6.2.

As at December 31, 2024

Amounts in USD thousands	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Level in fair value hierarchy**
Financial liabilities measured at fair value				
Fair value – hedging instruments				
Derivative financial instruments	*4.2*	4,612	4,612	Level 2
Financial liabilities not measured at fair value				
Financial liabilities at amortized cost				
Borrowings	*4.7*	343,174		
Other financial liabilities				
Other non-current liabilities	*7.1*	14,212		
Trade payables and other current liabilities	*2.7*	236,322		
Provisions	*7.2*	16,931		
Financial liabilities		**615,252**	**4,612**	

As at December 31, 2023

Amounts in USD thousands	*Note*	**Carrying amount**	**Financial instruments measured at fair value**	**Level in fair value hierarchy**
Financial assets measured at fair value				
Fair value- hedging instruments				
Derivative financial instruments	*4.2*	2,759	2,759	Level 2
Financial assets not measured at fair value				
Financial assets at amortized cost				
Cash and cash equivalents	*4.3*	62,524		
Current financial assets [1)]	7.3	1,500		
Trade receivables and other current assets	*2.4*	178,205		
Financial assets		**244,988**	**2,759**	

The fair value (Level 3) of the seller's credit against Akastor AS on proceeds from the sales or liquidation of Step Oiltools B.V. has been remeasured to USD 0 million as at December 31, 2023, see details in note 6.2.

[1)] Current portion of the indemnification assets of USD 1.5 million. See note 7.3 for more information.

4.2 Financial instruments (continued)

As at December 31, 2023

Amounts in USD thousands	*Note*	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial liabilities measured at fair value				
Fair value – hedging instruments				
Derivative financial instruments	*4.2*	1,326	1,326	Level 2
Financial liabilities not measured at fair value				
Financial liabilities at amortized cost				
Borrowings	*4.7*	340,628		
Other financial liabilities				
Other non-current liabilities	*7.1*	11,359		
Trade payables and other current liabilities	*2.7*	243,356		
Provisions	*7.2*	18,897		
Financial liabilities		**615,566**	**1,326**	

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. Valuation techniques and inputs of forward contracts are based on the quoted forward exchange rate.

		Maturity		
As at December 31, 2024	**Total**	**6 months and less**	**6-12 months**	**1-2 years**
Foreign exchanges forward contracts to hedge highly probable forecasted sales				
Notional amounts USD	97,709	74,136	10,817	12,757
Average forward rate (USD/NOK)		10.89	10.92	10.54
Notional amounts EUR	10,109	5,485	4,379	245
Average forward rate (EUR/NOK)		11.90	11.93	12.09
Notional amounts GBP	6,028	3,658	294	2,075
Average forward rate (GBP/NOK)		13.94	13.91	13.83
Notional amounts EUR	40,449	28,141	12,308	-
Average forward rate (EUR/USD)		1.08	1.08	-
Foreign exchanges forward contracts to hedge highly probable forecasted purchases				
Notional amounts EUR	4,235	3,185	1,050	-
Average forward rate (EUR/NOK)		11.76	11.94	-
Notional amounts GBP	2,595	1,206	450	940
Average forward rate (GBP/NOK)		13.65	13.95	13.92
Notional amounts EUR	2,246	2,246	-	-
Average forward rate (EUR/USD)		1.11	-	-

		Maturity		
'As at December 31, 2023	**Total**	**6 months and less**	**6-12 months**	**1-2 years**
Foreign exchanges forward contracts to hedge highly probable forecasted sales				
Notional amounts USD	9,123	3,692	4,001	1,429
Average forward rate (USD/NOK)		10.50	10.72	10.43
Foreign exchanges forward contracts to hedge highly probable forecasted purchases				
Notional amounts EUR	8,596	8,344	223	29
Average forward rate (EUR/NOK)		10.90	11.48	11.33
Notional amounts EUR	9,327	9,002	325	
Average forward rate (EUR/USD)		1.10	1.11	

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.

4.2 Financial instruments (continued)

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

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 negative USD 2,250 thousand that are currently recorded directly in the hedging reserve as at December 31, 2024, will be reclassified to income statement (2023: positive USD 1,098 thousand)

The currency hedge is revaluated every month covering the coming 3-month period.

Amounts in USD thousands	**2024**	**2023**
Net fair value of all hedging instruments (assets / liability (-))	-2,900	1,433
Deferred in equity (the hedge reserve)	-2,250	1,098

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve	
Amounts in USD thousands	**2024**	**2023**
Balance as at January 1	**1,098**	**-1,769**
Change in foreign currency risk	-4,314	3,688
Tax on movement on reserve during the year	966	-821
Balance as at December 31	**-2,250**	**1,098**

4.3 Cash and cash equivalents

As at December 31

Amounts in USD thousands	**2024**	**2023**
Restricted cash	170	42
Unrestricted cash	48,742	62,482
Total cash and cash equivalents	**48,912**	**62,524**

Restricted Cash may include legally restricted deposits held as compensating balances against short-term borrowing arrangements, contracts entered into with others, or company statements of intention with regard to particular deposits

Additional undrawn committed current bank revolving credit facilities amount to USD 35 million with cash and cash equivalents gives a total liquidity reserve of USD 84 million as at December 31, 2024 (2023: USD 90.5 million). See also note 4.7 Borrowings.

Interest-bearing cash deposits included under cash and cash equivalents only represent deposits that are available on demand.

4.4 Finance income and finance expenses

Amounts in USD thousands	2024	2023
Interest income on bank deposits	2,746	2,592
Interest income on finance lease receivables	42	92
Foreign exchange gain	15,809	11,362
Other finance income	422	-277
Finance income	**19,019**	**13,769**
Interest expense on financial liabilities measured at amortized cost	-36,385	-41,635
Refinancing costs	-	-7,207
Interest expense on lease liabilities	-2,158	-2,180
Foreign exchange loss	-21,504	-10,698
Other financial expenses	-3,458	-2,162
Finance expenses	**-63,505**	**-63,882**
Net finance expenses recognized in profit and loss	**-44,486**	**-50,113**

4.5 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 as at December 31, 2024 of USD 84.0 million (2023: USD 90.5 million), composed of undrawn committed credit facilities of USD 35 million (2023: USD 28 million) and cash and cash equivalents of USD 48.9 million (2023: USD 62.5 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, but are not limited to:

- 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) and interest coverage ratio (ICR) based on adjusted EBITDA which is rolling 4 quarter EBITDA where EBITDA is according to definition of HMH Non-GAAP measure in the Group Management Report. These ratios are similar to covenants as defined in loan agreements for the revolving credit facilities which are shown below. See note 4.7 Borrowings for details about these loans.

- The company's gearing ratio shall be less than 1.0 times and is calculated from the consolidated total net borrowings to the consolidated total Equity.
- The Interest Cover Ratio shall be greater than 2.5x, calculated from the consolidated LTM EBITDA to net interest expenses which means consolidated Finance Costs less the amount of interest income received by or accrued during a Relevant Period.
- Minimum liquidity amount shall be at least USD 30 million on consolidated level. This includes the available undrawn multi-currency revolving credit facility.
- Relevant Period means each period of twelve (12) consecutive calendar months ending on the last day of the preceding financial quarter.

The ratios are calculated based on net debt including cash and borrowings as shown in note 4.2 Financial instruments, LTM 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 at December 31, 2024.

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 at December 31, 2024 and December 31, 2023.

4.6 Capital and reserves

Share capital

HMH B.V. has Class A ordinary shares and Class B ordinary 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 shares, par value EUR 1 per share. As of December 31, 2024 and 2023, the Group had 100 Class A ordinary shares and 100 Class B ordinary shares outstanding.

The shareholders are Baker Hughes Holdings LLC (50%), Akastor ASA (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 B.V. and its subsidiaries.

Share Capital of EUR 200 consist of 200 shares at par value EUR 1.00 In 2023 and 2024, there have been no change in number of shares issued or change in the Group's share capital.

Issued capital and reserves

Share capital	Number of shares authorized and fully paid	Par value per share EUR	Financial Position EUR
At January 1, 2023	200	1.00	200
At December 31, 2023	**200**	**1.00**	**200**
At December 31, 2024	**200**	**1.00**	**200**

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.

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	2024	2023
Balance as at January 1	**2,036**	**2,019**
Other comprehensive income, net of tax	453	17
Balance as at December 31	**2,489**	**2,036**

See note 2.5 for more information relating to pension obligations.

Other reserve

Amounts in USD thousands	Share-based payment	Paid in capital	Total
Balance as at January 1, 2024	9,967	-	**9,967**
Share-based payments	5,557		**5,557**
Sale ownership interest in Hydril Pressure Controlling Arabia Limited	0	8,891	**8,891**
Balance as at December 31, 2024	**15,524**	**8,891**	**24,415**

Amounts in USD thousands	Share-based payment	Paid in capital	Total
Balance as at January 1, 2023	-	-	**-**
Reclassification of share-based payment to equity settled	9,967	-	**9,967**
Balance as at December 31, 2023	**9,967**	-	**9,967**

Share-based payments
The Group has employee share-based payment programs and recognizes the resulting increase in equity as services are received from employees in a separate reserve known as the Share-based Payment Reserve within equity. In Q4 2023, the Group determined that the Phantom, LTI 2022, and LTI 2024 share-based programs are most likely to be settled in shares. See details in note 2.5.

Sale of ownership interest in Hydril Pressure Controlling Arabia Limited
On March 28, 2024, Hydril PCB Limited, a subsidiary of the Company, issued shares representing a 30% non-controlling interest in its subsidiary, Hydril Pressure Controlling Arabia Limited, to Tanajib Holding Company CJSC, in exchange for total consideration of USD 9.2 million, comprising USD 2.3 million of upfront consideration and USD 6.9 million of deferred consideration. The Company recognized cash of USD 2.3 million, related party note receivable—current of USD 2.2 million and related party notes receivable of USD 4.7 million.

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 4.5 Capital management.

4.7 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.

As at December 31, 2024

Amounts in thousands	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Senior Secured Bonds (HMH02)	USD	200,000	196,837		9.88%	Nov 2026	Fixed rate
Shareholder loan	USD	131,910	131,910		8.00%	Oct 2027	Fixed rate
Revolving Credit Facility 2023 (USD 50 million)	USD	15,000	14,428	3.75%		May 2026	SOFR + Margin
Credit line China	RMB	-	-	-0.40%		Jul 2024	China LPR + Margin
Total borrowings		**346,910**	**343,175**				
Current borrowings			**14,428**				
Non-current borrowings			**328,747**				
Total borrowings			**343,175**				

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

Bank debt and bonds
The revolving credit facilities are provided by a bank syndicate consisting of high-quality Nordic and international banks, consisting of: DNB Markets, a part of DNB Bank ASA and Nordea Bank Abp, branch in Norway. 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.

On November 15, 2023, the Group issued USD 200.0 million aggregate principal amount of its senior secured bonds (ISIN code: NO0013063495) (the "Senior Secured Bonds"), which accrue interest at a fixed rate of 9.875% per annum and mature on November 16, 2026. The Group also incurs additional interest of 1% per annum until the Senior Secured Bonds are listed on the Oslo Stock Exchange. The Group intends to list the bond on the Oslo Stock Exchange during the first half of 2025. For information about financial covenants see note 4.5.

Fair values
The fair value of the bond loan HMH02 is based on quoted market values. The fair value of the Bond derived from Bloomberg amounts to 104.02%. For the loans with floating interest (all except for the shareholder loans) management assessed that the nominal amount is a good approximation of fair value as the interest expected back reflected through the floating interest. For the shareholder loans the carrying amount is approximately the fair value as this is based on paid in kind interest and what the Group would pay back to the owners at the maturity. The interest of 8% is reasonable and similar to other external borrowings. Lastly, management assessed that carrying amount of the financial assets is approximate the fair value as the interest derived from the market value. Therefore, management concluded that the fair values of financial assets and liabilities (long-term liabilities and receivables) carried at amortized cost are approximate their fair values since the effect of discounting is expected to be immaterial.

Reconciliation of liabilities arising from financing activities

Amounts in USD thousands	January 1, 2024	Cash flows	Deferred Interest[2]	Amortization	Capitalized borrowing costs [3]	December 31, 2024
Senior Secured Bonds (HMH02)	198,928	-2,469	-	1,559	-1,181	196,836
Shareholder loan[1]	119,587	-	12,323	-	-	131,910
Revolving Credit Facilities 2023	21,128	-7,000	-	299	-	14,427
Credit Line China	984	-984	-	-	-	-
Total liabilities arising from financing activities	**340,628**	**-10,453**	**12,323**	**1,858**	**-1,181**	**343,174**

[1] 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 loan by Akastor and Baker Hughes. The total amount of the shareholder loan is USD 100 million and the Group will not settle the shareholder loan prior to external debt. Earliest maturity date is set to October 1, 2027. USD 20 million of the loan relates to Akastor, and remaining USD 80 million is a loan from 2021 from Baker Hughes to HMH.

[2] Includes addition of USD 2 359 thousand DTA from contingent consideration due to used DTA from pre HMH establishment

[3] Capitalized borrowing costs relate to the amortized costs calculation of the loans.

As at December 31, 2023

Amounts in thousands	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Bond loan HMH01	USD	-	-	7.00%		Feb 2025	LIBOR + Margin
Senior Secured Bonds (HMH02)	USD	200,000	198,928		9.88%	Nov 2026	Fixed rate
Shareholder loan	USD	119,587	119,587		8.00%	Oct 2027	Fixed rate
Revolving Credit Facility (USD 80 million)	USD	-	-	4.00%		Feb 2024	LIBOR + Margin
Revolving Credit Facility 2023 (USD 50 million)	USD	22,000	21,128	3.75%		May 2026	SOFR + Margin
Credit line China	RMB	7,704	984	-0.40%		Jul 2024	China LPR + Margin
Total borrowings			**340,628**				
Current borrowings			**25,453**				
Non-current borrowings			**315,175**				
Total borrowings			**340,628**				

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

Reconciliation of liabilities arising from financing activities

Amounts in USD thousands	**January 1, 2023**	**Non-cash effect**	**Cash flows**	**Deferred Interest**	**Amortization**	**Capitalized borrowing costs**	**December 31, 2023**
Term loan facility	35,684	-	-39,226	-	3,542	-	-
Bond loan HMH01[1)]	147,858	-39,941	-110,059	-	2,142	-	-
Senior Secured Bonds (HMH02)	-	39,941	160,059	2,469	101	-3,642	198,928
Shareholder loan	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
Total liabilities arising from financing activities	**301,843**	**-**	**25,723**	**11,790**	**5,810**	**-4,539**	**340,628**

[1)] The bond loan of USD 150 million loan (ISIN code: NO0012428996) was refinanced by an issue of a new bond loan of USD 200 million (ISIN code: NO0013063495) in 2023. Amount of USD 39.9 million is total roll-over from previous bond to new bond.

The existing bond was repaid at 104.7% of the nominal amount (plus accrued and unpaid interest of the redeemed amount) on November 28, 2023.

Guarantee
Subsidiaries defined as material under the bond terms and facility agreement serve as guarantors for the fulfilment of payment of interest, principal and other specified costs for HMH Holding B.V. The security provided by each guarantor is limited to USD 900 million. The amount is a formality required under Norwegian law and covers outstanding debt, future interest payments, availability of taking on further debt, an also an additional buffer amount.

Section 5 - Tax

5.1 Income tax

Income tax expense

Amounts in USD thousands	**2024**	**2023**
Current year	-17,324	-16,656
Adjustments for prior years	-176	808
Total current tax expense(-) / income	**-17,500**	**-15,848**
Deferred tax expense		
Origination and reversal of temporary differences	-7,033	-808
Total deferred tax expense(-) / income	**-7,033**	**-808**
Total tax expense	**-24,532**	**-16,656**

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	**2024**		**2023**	
Profit / loss(-) before tax	**70,051**		**27,431**	
Tax rate (25.80%)	**-18,036**	-25.8 %	**-7,077**	-25.8 %
Tax effects of:				
Difference between local tax rate and Dutch tax rate	**2,783**	4.0 %	**2,619**	22.3 %
Non-deductible income / expenses(-)	**8,094**	11.6 %	**4,262**	2.8 %
Tax losses not recognized as deferred tax assets	**-13,621**	-19.4 %	**-13,238**	-48.3 %
Utilization of tax losses not recognized as deferred tax assets	**936**	1.3 %	**707**	2.6 %
Write down of deferred tax assets	**-205**	-0.3 %	**-524**	-1.9 %
Withholding taxes and other excise tax	**-2,356**	-3.4 %	**-3,356**	-12.2 %
Uncertain tax position	**-1,560**	-2.2 %	**-**	0.0 %
Other	**-567**	-0.8 %	**-47**	-0.2 %
Total tax expenses(-) / income [1)]	**-24,533**	**-35.0 %**	**-16,656**	**-60.7 %**

[1)] The increase in tax expense in 2024 resulted primarily from increased profits. The Group’s effective tax rates for 2024 and 2023 were negatively impacted by the changes in valuation allowance 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 and certain withholding taxes.

Recognized deferred tax assets and liabilities

As at December 31,

	Assets		**Liabilities**		**Net**	
Amounts in USD thousands	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Property, plant and equipment	2,886	3,269	-4,092	-4,933	-1,206	-1,664
Intangible assets	-	-	-12,890	-12,898	-12,890	-12,898
Projects under construction	-	-	-836	-9,614	-836	-9,614
Pensions	3,490	4,001	-	-	3,490	4,001
Provisions	4,205	5,733	-	-	4,205	5,733
Derivatives	-	-	-3,049	-2,657	-3,049	-2,657
Other [1)]	5,678	11,254	606	-319	6,284	10,935
Tax loss carry-forwards	4,018	13,192	-	-	4,018	13,192
Total before set offs	**20,276**	**37,449**	**-20,261**	**-30,420**	**15**	**7,029**
Set off of tax	-1,136	-8,879	1,136	8,879	-	-
Total deferred tax assets / liabilities(-)	**19,139**	**28,570**	**-19,128**	**-21,541**	**15**	**7,029**

[1)] Includes inventory reserve and interest expense carry-forward.

5.1 Income tax (continued)

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 at January 1, 2023	**-2,345**	**-13,120**	**-9,245**	**3,941**	**14,134**	**-1,410**	**14,387**	**3,271**	**9,613**
Acquisition of subsidiaries	-	-251	-	-	-	-	-	-	-251
Recognized in profit and loss	1,006	232	-631	46	-9,253	-1,283	-1,555	10,277	-1,160
Recognized in other comprehensive income	-	-	-	-	-	-	-405	-	-405
Currency translation differences	-324	198	262	14	852	36	-1,449	-356	-768
Balance as at December 31, 2023	**-1,663**	**-12,941**	**-9,614**	**4,001**	**5,733**	**-2,657**	**10,978**	**13,192**	**7,029**
Acquisition of subsidiaries	-	-772	-	-	-	-	-	-	-772
Recognized in profit and loss	-19	341	7,279	-265	-2,100	-187	-5,227	-7,471	-7,649
Recognized in other comprehensive	-	-	-	-	-	-	27	-	27
Currency translation differences	477	482	1,498	-247	572	-205	502	-1,703	1,377
Balance as at December 31, 2024	**-1,205**	**-12,890**	**-836**	**3,489**	**4,205**	**-3,049**	**6,281**	**4,018**	**12**

Unrecognized tax loss carry-forwards and unrecognized other tax reducing temporary differences

Expiry date of unrecognized tax loss carry-forwards

As at December 31, 2024

Amounts in USD thousands	**2024**	**2023**
Expiry in 2026 and later	1,337	188
Indefinite	2,337	4,716
Total	3,674	4,904

As at December 31, 2024, the unrecognized other tax-reducing temporary differences amounted to USD 14,109 thousand (USD 20,157 thousand in 2023).

Global minimum top-up tax

The Organization for Economic Co-operation and Development has advanced reforms focused on global profit allocation and implementing a global minimum tax rate of at least 15% for large multinational corporations on a jurisdiction-by-jurisdiction basis, known as “Pillar Two.” On December 15, 2022, the European Council formally adopted a European Union directive on the implementation of the plan by January 1, 2024. This is not expected to materially increase the taxes the Company owes and for 2024 HMH is not in scope for implementation of Pillar Two.

Section 6 - Group structure

6.1 Business combinations

Business combinations in 2024
On July 17, 2024 HMH Holdings B.V. acquired 100% of the shares for Drillform Technical Services Ltd ("Drillform") a Calgary, Canada based company with facilities in Tulsa, Oklahoma, USA and Abu Dhabi, UAE. Drillform holds a portfolio of patents and intellectual property related to equipment used in the handling of drill pipe during drilling operations. The company has a significant installed base of automated floor wrenches and catwalks. The purchase price was USD 24.7 million, consisting of USD 21.0 million in cash and USD 3.7 million in contingent consideration.

The contingent consideration consists of deferred payments by the Group to the acquiree's prior equity and debt holders for three years, contingent on meeting the prescribed realized sales price and margin targets for certain types of units sold. The Group estimated the fair value of the contingent consideration using a probability-weighted discounted cash flow method under the income approach. The Group considered a range of outcomes, with the maximum being USD 12 million, and determined the most likely amount of undiscounted contingent consideration is USD 4.7 million.

Goodwill generated from this business combination is primarily attributable to expected synergies from the transaction and incremental revenue and profit to be derived from the Company's expansion into global markets. The goodwill is not considered to be tax deductible.

Business combinations in 2023
For the fiscal year 2023, the Group did not engage in any business combinations.

Identifiable assets and liabilities acquired in 2024

Amounts in USD thousands	**DrillForm**
Developed technology	6,000
Customer relations	5,000
Machinery, equipment, software	439
Inventory	3,043
Trade and other receivable	836
Prepaid expenses	110
Cash and cash equivalents	1,377
Other long-term liability	-3,702
Account payable	-1,307
Other current liability	-3,885
Deferred tax liability	-1,036
Total identifiable net assets acquired	**6,875**
Purchase consideration transferred	21,000
Goodwill	**14,125**

Assets acquired and liabilities assumed
The acquisition date fair value of the trade receivables amounts to USD 836 thousands. The trade receivables comprise gross contractual amounts due of USD 836 thousands, of which USD 0 was expected to be uncollectable at the acquisition date.

The Group incurred acquisition-related costs of USD 3.650 thousands on diligence and consultant costs. These costs have been included in administrative expenses.
From the date of acquisition, Drillform contributed revenue of USD 7,906 thousands and profit of USD -2,760 thousands to the Group`s results. If the acquisition had occurred at the beginning of the year, management estimates that consolidated revenue would have been USD 849,860 thousands, and consolidated profit for the year would have been USD 49,753 thousands. In determining these amounts management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred at the beginning of the year.

The goodwill resulting from the Drillform acquisitions are mainly attributable to the skills and technical talent of the workforce and expected synergies going forward.

Analysis of cash flows on acquisition in 2024

Amounts in USD thousands	**DrillForm**
Net cash acquired with the subsidiary	1,377
Cash paid	21,000
Net cash flow from acquisition	**-19,623**

6.2 Group Companies

The ultimate parent company of the Group is HMH Holding B.V. The ownership equals the percentage of voting shares, if not stated otherwise.

Group companies as at December 31, 2024 and 2023

Company	Location	Country	Ownership (%) 2024	Ownership (%) 2023
HMH Holding B.V.	Amsterdam	Netherlands		
MHWirth Pty Ltd	Argenton	Australia	**100**	**100**
MHWirth do Brasil Equipamentos Ltda	Rio de Janeiro	Brazil	**100**	**100**
MHWirth Canada Inc	Newfoundland	Canada	**100**	**100**
MHWirth Chile SpA	Santiago	Chile	**100**	**100**
MHWirth GmbH	Erkelenz	Germany	**100**	**100**
MHWirth (India) Pvt Ltd	Mumbai	India	**100**	**100**
MHWirth AS	Kristiansand	Norway	**100**	**100**
MHWirth HoldCo AS	Kristiansand	Norway	**100**	**100**
MHWirth (Singapore) Pte Ltd	Singapore	Singapore	**100**	**100**
MHWirth FZE	Dubai	UAE	**100**	**100**
MHWirth Gas & Oilfield Equipment & Services LLC [1)]	Abu Dhabi	UAE	**49**	**49**
MHWirth UK Ltd	Aberdeen	UK	**100**	**100**
MHWirth LLC	Houston	USA	**100**	**100**
MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd	Shanghai	China	**100**	**100**
Bronco Manufacturing, LLC	Tulsa	USA	**100**	**100**
Electrical Subsea & Drilling AS	Straume	Norway	**100**	**100**
Hydril PCB Canada Inc	Newfoundland	Canada	**100**	**100**
HMH Drilling Engineering Services of India Pvt. Ltd	Chennai	India	**100**	**100**
Hydril Pressure Control S. de R.L de C.V.	Veracruz	Mexico	**100**	**100**
Hydril Pressure Controlling Arabia Limited [2)]	Riyadh	Saudi Arabia	**70**	**100**
Hydril Pressure Control SASU	Dakar	Senegal	**100**	**100**
HMH Drilling Asia Pte Ltd	Singapore	Singapore	**100**	**100**
Hydril PCB Limited	Aberdeen	UK	**100**	**100**
Hydril USA Distribution LLC	Houston	USA	**100**	**100**
HMH Turkey Petrol ve Doğal Gaz Ekipmanları ve Hizmetleri Anonim Şirketi	Ankara	Turkey	**100**	**100**
Hydril Pressure Control (Ivory Coast) SASU	VGE	Cote d`Ivoire	**100**	**100**
Drillform Technical Services Ltd [3)]	Calgary	Canada	**100**	**-**
HMH Holding (Netherlands) B.V. [4)]	Amsterdam	Netherlands	**100**	**-**
HMH Holding Inc. [4)]	Houston	USA	**100**	**-**
Roughneck Holding Inc.[3)]	Calgary	Canada	**100**	**-**
Drillform Drilling Equipment Inc.[3)]	Houston	USA	**100**	**-**
Drillform Oilfield Equipment Services LLC [3)]	Abu Dhabi	UAE	**49**	**-**

[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. The Group considers to have full control of the company and consolidated in the Group without non-controlling interests.

[2)] In Q1 2024, The Group entered into a partnership with Tanajib Holding Company in Saudi Arabia and sold 30% of its interest in Hydril Pressure Controlling Arabia Limited. Refer to note 4.6 for more information.

[3)] On July 17, 2024 HMH Holdings B.V acquired 100% of the shares for Drillform Technical Services Ltd. Refer to note 6.1 for more information

[4)] These companies were established in 2024.

7.1 Other non-current assets and liabilities

Other non-current assets
As at December 31

Net book value	*Note*	**2024**	**2023**
Indemnification asset [1]	*7.3*	18,356	20,414
Non-current interest bearing receivables [2]	*7.3*	13,392	7,977
Other non-current assets		106	97
Total other non-current assets		**31,854**	**28,488**

[1] Non-current part of the indemnification asset.

[2] Consists of non-current receivables against Akastor and Baker-Hughes resulting from the settlement of the acquisition of MHWirth and Subsea Drilling Systems and the non-current part of the deferred consideration related to Tanajib Holding.

Other non-current liabilities
As at December 31

Amounts in USD thousands	**2024**	**2023**
Welfare and support fund	1,837	1,896
Liability to shareholders [1]	8,675	9,413
Other non-current liabilities	3,700	49
Total other non-current liabilities	**14,212**	**11,359**

[1] See note 7.3 for details

Welfare and support fund
The main purpose of this fund is to serve future indirect pension obligations.

7.2 Provisions

As at December 31

Amounts in USD thousands	**2024**	**2023**
Provisions, current	16,109	17,829
Provisions, non-current	822	1,068
Total provisions	**16,931**	**18,897**

Development in significant provisions

Amounts in USD thousands	*Warranties*	*Restructuring*	*Other*	*Total*
Balance as at January 1, 2024	**8,556**	**1,641**	**8,699**	**18,896**
Reclassification	3,345	-	-3,345	-
Provision provided during the period	2,405	0	0	**2,405**
Provision utilized during the period	-959	-327	-417	**-1,703**
Provisions reversed during the period	-1,709	-102	-118	**-1,930**
Currency translation differences	-556	-171	-10	**-737**
Balance as at December 31, 2024	**11,082**	**1,041**	**4,808**	**16,931**
Expected timing of payment as at December 31, 2024				
Within the next twelve months	11,082	219	4,808	**16,109**
After the next twelve months	-	822	-	**822**
Total	**11,082**	**1,041**	**4,808**	**16,931**

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
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
In 2024 provisions of USD 3.1 million (USD 3.9 million in 2023) in Hydril USA Distribution LLC relates to environmental reserve for estimated remediation costs for two plants.

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 (unless disclosed differently).

HMH Holding B.V. is a parent company which controls the companies 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.

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%). Akastor ASA fully owns Akastor AS and Mercury HoldCo Inc. For equity transaction with parents, see note 4.6.

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
As at December 31, 2024

Amounts in USD thousands	Baker Hughes Holding LLC	GE Drilling Services LLC	Akastor AS	Aker BP	Other Baker-Hughes companies	Tanajib Holding Company[3]	Other Akastor companies	**Total**
Period January 1, 2024 - December 31, 2024								
Income statement								
Revenue	-	-	3,406	-	132	-	77	**3,615**
Net financial items	-7,616	-	-1,686	-	-	-	-	**-9,303**
As at December 31, 2024								
Assets (liabilities)								
Related party note receivables current	-	-	1,500	-	-	2,179	-	**3,679**
Related party accounts receivables	-	-	1,136	-	974	222	-	**2,332**
Account payables - related party	-	-	-	-	-69	-358	-124	**-551**
Long term debt	-103,767	-	-28,143	-	-	-	-	**-131,910**
Indemnification asset [1]	-	-	18,355	-	-	-	-	**18,355**
Related party note receivable	4,299	-	4,339	-	-	4,754	-	**13,392**
Liability to shareholders [2]	-514	-	-8,162	-	-	-	-	**-8,676**

As at December 31, 2023

Amounts in USD thousands	Baker Hughes Holding LLC	GE Drilling Services LLC	Akastor AS	Aker BP	Other Baker-Hughes companies	Tanajib Holding Company	Other Akastor companies	**Total**
Period January 1, 2023 - December 31, 2023								
Income statement								
Revenue	-	339	5,941	1,733	123	-	594	**8,730**
Net financial items	-6,974	-	-1,517	-	-	-	-	**-8,491**
Balance as at December 31, 2023								
Assets (liabilities)								
Related-party note receivables - current	-	-	1,500		540	-	-	**2,040**
Related party accounts receivables	-	230	1,206	174	-	-	-	**1,609**
Accounts payable - related party	-	-	-	-17	-110	-	-	**-127**
Long term debt	-95,670	-	-23,917	-	-	-	-	**-119,587**
Indemnification asset [1]	-	-	20,414	-	-	-	-	**20,414**
Related party notes receivable	3,970	-	4,007	-	-	-	-	**7,977**
Liability to shareholders [2]	-666	-	-8,747	-	-	-	-	**-9,413**

[1] 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 18.4 million as a non-current assets and USD 1.5 million as a current assets as at December 31, 2024. (2023: USD 20.4 million as a non-current assets and USD 1.5 million as a current assets.)

[2] Contingent considerations related to its owners. HMH have booked USD 8.6 million as other non-current liabilities and USD 0 million as other payables as at December 31, 2024 (2023: USD 9.4 million as an other non-current liabilities).

[3] Deferred consideration related to subsidiary in Saudi Arabia. HMH have booked total current assets of USD 2.2 million and non-current assets of USD 4.8 million as at December 31, 2024.

Related party notes receivable is recorded as Other non-current assets as at December 31, 2024 and 2023. It consists of receivable against Akastor and Baker-Hughes resulting from the settlement of the acquisition of MHWirth and Subsea Drilling Systems, respectively.

7.3 Related party transactions (continued)

Related party transactions

Akastor

- Akastor has provided a shareholder loan to HMH of total USD 20 million in 2021. HMH B.V. also agreed to pay Akastor for certain deferred tax assets related to the contributed businesses in the amounts of approximately USD 2.2 million, respectively, with such payment made by way of an increase to the Shareholder Loans. Balance as at 31, December 2024 is USD 28.1 million includes interest and DTA from contingent consideration from pre HMH establishment of USD 8.1 million. This is a long-term loan provided to finance the Group's operating and financing activities (see note 4.7).
- 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 19.9 million due from Akastor Group as at December 31, 2024 (2023: USD 21.9 million), which is reduced in line with pension payments to former employees in 2023 and 2024.

Baker Hughes

- Baker Hughes has provided a shareholder loan to HMH of total USD 80 million in 2021. HMH B.V. also agreed to pay Baker Hughes for certain deferred tax assets related to the contributed businesses in the amounts of approximately USD 0.2 million, respectively, with such payment made by way of an increase to the Shareholder Loans. Balance as at 31, December 2024 is USD 103.8 million includes interest and DTA from contingent consideration from pre HMH establishment of USD 23.8 million. This is a long-term loan provided to finance the Group's operating and finance activities (see note 4.7).

Indemnification asset

Per IFRS 3.27-28 in line with the merger transaction deal, the Company obtained an indemnification asset. That is related to the pension liabilities Akastor sold to the Company. As result Akastor is contractually obliged to indemnify the Company for that specific liability. An asset was recognized at the same time and measured using the same measurement basis as the liability. This ensured that both the asset and the liability were measured on a consistent basis using similar assumptions.

After initial recognition, per IFRS 3.57, an indemnification asset continues to be measured based on the assumptions used to measure the related liability, subject to management's assessment of collectability of the asset, limited to the amount of the liability to which it relates. As the receivable is mirroring the liability movement and thus reflecting that HMH Holding B.V. is being compensated for this by Akastor, the pension receivable is also remeasured at each reporting date. Therefore, the receivable is accounted for in a similar way in the consolidated income statement.

7.4 Management remuneration

The Board of Directors of the Group as at December 31, 2024 comprises of directors Daniel Rabun, Georgia Magno, Lance T. Loeffler, Kathleen S. McAllister, Kristian Monsen Rokke, Judson Bailey and Karl Erik Kjelstad. All the directors are non-independent directors as a result of their nomination for appointment by Baker Hughes and Akastor, respectively.

As at December 31, 2024, the executive management of HMH Group comprised of CEO Eirik Bergsvik, CFO Thomas McGee, GC/CAO Dwight Rettig, CTO Pål Skogerbø, COO Eugene C. Chauviere and CCO Roy Dyrseth.

The Group has no Supervisory Board in 2024 or 2023. The Group has a separate Audit Committee which has comprised of Asbjørn Rødal since November 2022.

Board of Directors
Other than Mr. Rabun, the Board of Directors received no remuneration for being directors in 2024. In connection with his appointment as a member and Chairman of HMH Holding B.V.'s Board of Directors as of October 21, 2024, Mr. Rabun will receive from HMH Holding B.V. a cash retainer in the annualized amount of USD 75,000 for his service as a member of HMH Holding B.V.'s Board of Directors and an additional cash retainer in the annualized amount of USD 50,000 for his service as Chairman of HMH Holding B.V.'s Board of Directors (for an aggregate annualized retainer equal to USD 125,000), each of which will be paid in quarterly installments, based on calendar quarters, in arrears on a prorated basis for any partial portion of a quarter.

In addition, Mr. Rabun will receive a retainer equal to USD 175,000 (the "additional retainer"), which will become payable on the earliest of Mr. Rabun's resignation from HMH Holding B.V.'s Board of Directors prior to the listing of HMH Holding Inc.'s shares of Class A common stock, the consummation of the initial public offering of HMH Holding Inc. or October 21, 2025. In each case, the additional retainer will be paid within 30 days of the triggering event and will be prorated based on the number of days that have elapsed from October 21, 2024 through the date of such event, over 365. Subject to the requisite approvals by HMH Holding Inc. and an effective equity incentive plan being in place, if the payment of Mr. Rabun's additional retainer is triggered by the consummation of the initial public offering of HMH Holding Inc., the retainer will be satisfied upon consummation of the initial public offering of HMH Holding Inc. with a restricted stock unit award that will vest immediately following grant; otherwise, Mr. Rabun's additional retainer will be paid in cash. The other members of the Board of Directors have no agreements that entitle them to any extraordinary remuneration from the Group.

The Board of Directors comprises of representatives from both shareholders. These representatives are employed or contracted by the shareholders and the Company has not received any charges from shareholders nor representatives for the services as board directors. According to art. 381.3 and Dutch law RJ 330.201, this represents related parties transactions not being at arm's length conditions.

Both the Board of Directors and the executive management represent Key Management Personnel of the Group.

Audit Committee
In line with compliance of Article 2 of the EC directive 2006/43/EC Implementation Decree of 26 July 2008 (the Decree) concerning audit of annual accounts, the Audit Committee was established in November 2022. The Audit Committee was established by the Company's articles of association as a separate and designated corporate body within the meaning of Article 2 paragraph 4 of the Decree, assigned to perform all duties of an audit committee in accordance with Article 2 paragraph 2 of the Decree.

The Audit Committee comprises of one member (Asbjørn Rødal), who qualifies as independent from the Company, is an expert in the field of financial reporting and auditing and has expertise and experience relevant to the Company's business sector. The costs recognized for the services provided amounted to USD 54 thousand in 2024 (2023: USD 52 thousand). The Board of Directors constituted as the Audit Committee until the Audit Committee was established.

Policy on remuneration to the members of the executive management
All members of the executive management were employees of the Group with terms and conditions of employment consistent with industry standards. Mr. Dwight Rettig was contracted as an independent contractor.

Compensation to the executive management has fixed elements, which includes a base salary which, pursuant to the Company's benchmarking, is competitive. The executive management has variable remuneration based upon the performance of the Company. All variable compensation is subject to HMH performance.

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.

All members of the executive management are part of the Groups share-based payments program as further described in note 2.5 Employee benefits expenses. For the executive management the cost recognized under this program was USD 2,488 thousand in 2024 (2023: USD 2,393 thousand).

Directors' and executive management's shareholding
Directors and the members of the executive management have no shares in HMH Group as at December 31, 2024, or 2023. All members of the executive management are part of the Group's share-based payments program as further described in note 2.5 Employee benefits expenses.

Remuneration to executive management

Amounts in USD thousands	**2024**	**2023**
Short-term regular benefit	6,184	5,048
Pension	122	109
Share-based payments (accrued)	2,488	2,393
Total remuneration to executive management	**8,794**	**7,550**

The remuneration disclosed above represent expenses recognized in the consolidated income statements.

The remuneration was paid by the HMH subsidiaries and not by the parent company.

7.5 Subsequent events

The Group evaluated subsequent events through April 28, 2025, the date that the consolidated financial statements were available to be issued.

Adjusting events
No subsequent events are noted which require adjustments in the annual report.

Non-adjusting events
In January 2025, the Group announced a restructuring plan primarily focused on the reorganization of facilities in Horten and Fornebu, Norway and global workforce reductions. The restructuring will optimize the Group's global indirect headcount and rationalize its footprint.

On March 10, 2025, DNB Bank ASA agreed as agent under the Group's USD 50 million revolving credit facility (RCF) to amend certain terms of the RCF to permit implementation of the corporate reorganization and the listing of HMH Holding Inc.'s Class A common stock on Nasdaq, and the documentation formally implementing the same became effective as of March 11, 2025.

On March 6, 2025 Georgia Magno joined the Board of Directors as board member.

Company Financial Statements
2024
HMH Holding B.V.

Income statement
for the year ended December 31

Amount in USD thousands	*Note*	2024	2023
Revenue	2	**19,944**	**7,719**
Other operating expenses	2	-31,942	-17,847
Operating expenses		**-31,942**	**-17,847**
Operating profit / loss(-)		**-11,998**	**-10,128**
Finance income	3	6,430	7,329
Finance expenses	3	-37,686	-48,890
Net finance expenses		**-31,257**	**-41,561**
Profit / loss(-) before tax		**-43,255**	**-51,689**
Income tax expense/income (-)	4	-	-
Profit / loss(-) for the period		**-43,255**	**-51,689**

Statements of comprehensive income

Amounts in USD thousands	*Notes*	2024	2023
Profit / loss(-) for the period		**-43,255**	**-51,689**
Total items that will not be reclassified to profit or loss, net of tax		**-**	**-**
Total comprehensive income / loss(-)		**-43,255**	**-51,689**
Total comprehensive income / loss(-) attributable to:			
Equity holders of the parent		-43,255	-51,689

The accompanying notes are an integral part of the these Company Financial Statements on pages 87 to 103.

Statement of financial position

As at December 31

Amount in USD thousands	*Note*	**2024**	**2023**
Assets			
Non-current assets			
Investments in subsidiaries	5	795,416	795,416
Non-current non interest-bearing receivables to related parties	7	18,355	20,414
Non-current interest-bearing receivables to group companies and related parties	7	46,709	19,977
Total non-current assets		**860,480**	**835,806**
Current assets			
Other receivables to group companies and related parties	7	26,081	36,693
Cash and cash equivalents	7	-	410
Total current assets		**26,081**	**37,103**
Total assets		**886,560**	**872,910**
Equity and liabilities			
Share capital		0	0
Share premium		601,539	601,539
Other reserves		-82,213	-36,083
Unappropriated result		-43,255	-51,689
Total equity	**6**	**476,071**	**513,768**
Non-current liabilities			
Borrowings	8	196,836	195,587
Interest-bearing liabilities to shareholders	7,8	131,910	119,587
Liability to shareholders	12	8,676	9,413
Total non-current liabilities		**337,422**	**324,588**
Current liabilities			
Borrowings	8	14,427	22,000
Current borrowings from Group companies	7	-	2,553
Trade payables and other liabilities	10	17,040	10,001
Bank overdraft	7	41,601	-
Total current liabilities		**73,068**	**34,554**
Total liabilities		**410,490**	**359,142**
Total equity and liabilities		**886,560**	**872,910**

HMH Holding B.V. is a limited liability company that was incorporated and domiciled in the Netherlands on the April 28, 2021. The share capital is USD 0.003 thousand as at December 31, 2024 and 2023.

The accompanying notes are an integral part of these Company Financial Statements on pages 87 to 103.

Statement of cash flows
for the year ended December 31

Amount in USD thousands	*Note*	**2024**	**2023**
Profit / loss(-) before tax		-43,255	-51,689
Adjustments:			
Net finance income and expenses	3	31,257	41,561
Foreign exchange gain and loss (-)	3	-1,633	-210
Share-based payment expense		5,558	6,470
Profit / loss(-), net of adjustments		**-8,073**	**-3,868**
Changes in working capital:			
Decrease/Increase(-) in receivables from group companies and related parties		-14,620	12,723
Increase/Decrease(-) in trade payables and other liabilities		4,932	-3,358
Decrease/Increase(-) in indemnification assets		559	2,642
Other changes		443	625
Total changes in working capital		**-8,687**	**12,632**
Interest paid	3	-23,054	-23,992
Interest received	3	6,430	6,922
Net cash from operating activities		**-33,384**	**-8,307**
Payments on capital contributions to subsidiary	5	-	-3,500
Net cash from investing activities		**-**	**-3,500**
Proceeds from borrowings	8	90,000	182,059
Payment of borrowings	8	-97,000	-157,320
Payment of borrowing cost	8	-1,627	-11,243
Net cash from financing activities		**-8,627**	**13,496**
Effect of exchange rate changes on cash and cash equivalents		-	-
Net increase / decrease(-) in cash and cash equivalents		**-42,011**	**1,690**
Cash and cash equivalents at the beginning of the period		410	-1,280
Cash and cash equivalents at the end of the period	**7**	**-41,601**	**410**

The accompanying notes are an integral part of these Company Financial Statements on pages 87 to 103.

Statement of changes in equity

For the year ended December 31, 2024

Amounts in USD thousands	*Note*	Share capital [1)]	Share premium	Other reserves: Share-based payments	Other reserves: Accumulated losses	Unappropriated result	Total equity
Equity at January 1, 2024		**0**	**601,539**	**9,967**	**-46,049**	**-51,689**	**513,768**
Appropriation of previous year's loss		-	-	-	-51,689	51,689	**-**
Profit / loss(-) for the year		-	-	-	-	-43,255	**-43,255**
Share-based payments		-	-	5,558	-	-	**5,558**
Equity at December 31, 2024	*6*	**0**	**601,539**	**15,525**	**-97,738**	**-43,255**	**476,071**

[1)] Share capital is USD 0.003 thousand as at December 31, 2024.

For the year ended December 31, 2023

Amounts in USD thousands	*Note*	Share capital [1)]	Share premium	Other reserves: Share-based payments	Other reserves: Accumulated losses	Unappropriated result	Total equity
Equity at January 1, 2023		**0**	**601,539**	**-**	**-14,193**	**-31,856**	**555,490**
Appropriation of previous year's loss		-	-	-	-31,856	31,856	**-**
Profit / loss(-) for the year		-	-	-	-	-51,689	**-51,689**
Share-based payments		-	-	9,967	-	-	**9,967**
Equity at December 31, 2023	*6*	**0**	**601,539**	**9,967**	**-46,049**	**-51,689**	**513,768**

[1)] Share capital is USD 0.003 thousand as at December 31, 2023.

The accompanying notes are an integral part of these Company Financial Statements on pages 87 to 103.

Notes to the company financial statements

Note 1 General Information

General information

HMH Holding B.V. (the "Company") was incorporated as a limited liability company on April 28, 2021 and is organized and existing under the laws of the Netherlands. The Company is seated in Amsterdam and is registered in the Chamber of Commerce with CCI number 82719322, RSIN number 862578796. The Company's address is Weerdestein 97, 1083GG Amsterdam. Due to the listing of its bond on the Oslo Stock Exchange (Norway) on November 4, 2022, HMH Holding B.V. was considered a public interest entity in the European Union (EU-PIE) as at December 31, 2022. On October 30, 2023, HMH Holding B.V. secured a successful placement of a new USD 200 million senior secured bond issue. Additionally, the Company exercised call options to redeem all of the outstanding bonds in accordance with the Bond Terms. The Company issued a new bond on October 30, 2023 and intends to list the bond on the Oslo Stock Exchange during the first half of 2025, and will become an EU-PIE at the moment of the bond listing in the second quarter 2025. See note 8 for additional information.

As at October 1, 2021, the Company acquired Baker Hughes' Subsea Drilling Systems (SDS) and Akastor's wholly owned subsidiary, MHWirth establishing and creating HMH (The Group). The acquisition was resolved as contribution in kind and shareholder loan and resulted in a 50% ownership each by Baker Hughes and Akastor so the shareholders after the transactions 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 Holding B.V. is the holding company of the HMH Group. 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. The 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 of preparation

Statement of compliance

The principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Functional currency and presentation currency

The parent company's 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. In the statement of comprehensive income, income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers. The subtotals and totals in some of the tables in these financial statements may not equal the sum of the amounts shown due to rounding.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial statement are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Compared to the accounting policies applied in the consolidated financial statement (Section 1 to the consolidated financial statements), the parent company's financial statements' accounting policies only deviate with respect to the following items:

Foreign currency

Transactions in foreign currencies are translated at the exchange rate applicable at the date of the transaction. Monetary items in a foreign currency are translated to USD using the exchange rate applicable on the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement as they occur. 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 subsidiaries

Investments in subsidiaries are measured at cost in the parent company accounts, less any impairment losses. An impairment loss in respect of participating interests in subsidiaries is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. Investments in subsidiaries and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment.

Dividends and other distributions from subsidiaries are recognized as income the same year as they are recognized in the financial statement of the provider. If the dividends or group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and is recognized as a reduction of carrying value of the investment.

Classification

Current assets and current liabilities include items due within one year or items that are part of the operating cycle. Other balance sheet items are classified as non-current assets/debts.

Some borrowing agreements incorporate undertakings by the borrower (covenants) which have the effect that the liability becomes payable on demand if certain conditions related to the borrower's financial position are breached.

Non-current borrowings are presented as current if a loan covenant breach exists at balance date. The liability is classified as non-current only when:

(a) the lender has agreed, prior to the authorization of the financial statements for issue, not to demand payment as a consequence of the breach; and

(b) it is not probable that further breaches will occur within twelve months of the balance sheet date.

Certain amounts in prior year periods have been reclassified to conform with current period presentation.

Finance income and expense

Finance income and expense include interest income and expense, foreign exchange gains and losses. 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.

Cash and cash equivalent

Cash and cash equivalents include cash, bank deposits and other short-term liquid investments. HMH Holding B.V. has a cash pool that includes the parent company's cash as well as net deposits from subsidiaries in the Group cash pooling system owned by the parent company. See note 7 for description of the cash pool.

HMH Holding B.V. is the owner of cash pool systems. The cash in the cash pool is classified as cash and cash equivalent in the financial statement.

Cash flow statement

The statement of cash flow is prepared according to the indirect method.

Tax

Tax income (expense) in the income statement comprises current tax, withholding tax and changes in deferred tax. Deferred tax is calculated as 25.8 percent of temporary differences between accounting and tax values as well as any tax losses carry-forward at the year end. Net deferred tax assets are recognized only to the extent it is probable that they will be utilized against future taxable profits.

Note 2 Operating revenue and expenses

Amounts in USD thousands	*Note*	**2024**	**2023**
Other revenue		19,944	7,719
Total revenue		**19,944**	**7,719**

Revenue recognition
Other revenue consists of Global Service Charge fee invoiced to the subsidiaries.

Operating expenses

Amounts in USD thousand	*Note*	**2024**	**2023**
Share-based payments expenses		5,557	6,470
Management service		17,810	5,887
Legal and compliance cost		8,554	4,154
Other operating cost		20	1,336
Total operating expenses		**31,942**	**17,847**

There are no employees in HMH Holding B.V. and hence no salary or pension related costs and also no loan or guarantees related to the executive management team.

Management services
Management services consist of cost related to Group services performed by HMH Holding for subsidiaries.

Fees to the auditors
Fees to KPMG for statutory audit amounted to USD 520 thousand in 2024 (2023: USD 551 thousand). The fees were charged by KPMG Accountants N.V. to the Company, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

Board of Directors
The members of the Board of Directors have no agreements that entitle them to any remuneration for 2024 or 2023.

Supervisory board and Audit committee
HMH Holding B.V. does not have a Supervisory board. The costs recognized for the services of the audit committee amounted to USD 54 thousand in 2024 (2023: USD 52 thousand) and the cost is presented as Legal and Compliance Cost.

Share-based payments
HMH Holding B.V. established award program to management and certain key employees. Refer to note 2.5 Employee benefit expenses in the Group's Consolidated Financial Statements for details.

Note 3 Net financial items

Amounts in USD thousands	*Note*	**2024**	**2023**
Interest income on intercompany loans		6,085	7,100
Other finance income		345	229
Finance income		**6,430**	**7,329**
Interest expense on external borrowings		24,150	31,988
Interest expense on related parties borrowings		10,075	9,165
Net foreign exchange loss		1,633	210
Other financial expenses [1)]		1,828	7,526
Finance expenses		**37,686**	**48,890**
Net finance expenses recognized in profit and loss		**31,257**	**41,561**

1) Includes Bank fees and amortization. In 2023, refinancing cost of USD 7,207 and bank fees.

Overview of the interest-bearing deposits, receivables and borrowings are included in note 7 and 8.

Note 4 Tax

Amounts in USD thousands	**2024**	**2023**
Income tax expense		
Current income tax this year	-	-
Deferred tax expenses to income statement	-	-
Total tax expense(-) / income	**-**	**-**
Calculation of taxable income		
Profit / loss(-) before tax	-43,255	-51,689
Permanent differences	39,165	49,475
Taxable income	**-4,090**	**-2,214**
Change in tax loss carry forward	**4,090**	**2,214**
Taxable profit	**-**	**-**
Specification of permanent differences:		
Non-deductible expenses	32,441	9,004
Non-deductible interest for which no deferred tax assets were recognized	6,724	40,471
Total permanent differences	**39,165**	**49,475**
Tax rate	25.8%	25.8%
Tax effects of permanent differences	**10,104**	**12,765**

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.

2024

Amounts in USD thousands	*Gross*	*Tax effect*
Profit / loss(-) before tax	-43,255	
Tax rate (25.8 %)		11,160
Non-deductible expenses	32,441	-8,370
Non-deductible interest for which no deferred tax assets were recognized	6,724	-1,735
Deferred tax assets(-) / liabilities (+), not recognized [1)]		**-1,055**
Tax expense (-) / income		**-**

[1)] A full valuation allowance has been established against all net deferred tax assets as it is more-likely-than-not that they will not be realized.

2023

Amounts in USD thousands	*Gross*	*Tax effect*
Profit / loss(-) before tax	-51,689	
Tax rate (25.8 %)		13,336
Non-deductible expenses	9,004	-2,323
Non-deductible interest for which no deferred tax assets were recognized	40,471	-10,442
Deferred tax assets(-) / liabilities (+), not recognized		**-571**
Tax expense (-) / income		**-**

Deferred tax assets on net losses carried forward amounting to USD 8,239 thousand and interest carried forward of USD 55,821 thousand were not recognized as at December 31, 2024. The respective unrecognized amounts are USD 9,499 thousand and USD 67,637 thousand as at December 31, 2023.

For details about the Pillar Two Model Rules refer to note 5.1 Income tax in the Group`s Consolidated Financial Statements.

Note 5 Investments in subsidiaries

Name of the subsidiary	Location	Registered office	2024 Share capital (USD thousand)	Number of shares held	Percentage owner voting share
HMH Holding (Netherlands) B.V. [1)]	NL	Weerdestein 97, 1083GG Amsterdam, the Netherlands	4	4	100%

[1)] HMH Holding (Netherlands) B.V. owns MHWirth AS, MHWirth LLC and Hydril USA Distribution LLC. Date of incorporation February 8, 2024.

In 2024, the Company underwent a demerger as part of a strategic reorganization to optimize the group's structure in order to meet current and future financing needs. This restructuring involved the incorporation of HMH Holding (Netherlands) B.V., a private limited liability company based in Amsterdam. During this legal demerger, certain assets were transferred from the Company to HMH Holding (Netherlands) B.V. under universal title of succession.

This transaction is considered a common control transaction and has been accounted for at book value in accordance with the group's accounting policies. Post-demerger, all shares in HMH Holding (Netherlands) B.V. have been transferred to the Company.

Name of the subsidiary

Amounts in USD thousands	Carrying amount as at December 31	Profit / loss(-) for the full year	Equity as at December 31
HMH Holding (Netherlands) B.V.	795,416	-	795,416

The Company performed a regular annual impairment assessment of its investments to determine whether there was any indication of impairment. The equity of the subsidiaries are below the carrying amount and so impairment trigger were noted. The Company conducted an impairment assessment by comparing the recoverable amount with carrying amount of the investment and concluded no impairment losses had to be recognized. This assessment was further supported by the high performance in the last period and the expectation of profitable development going forward, mitigating the impairment trigger.
There have been no instance where previously identified impairments have been reversed.

Name of the subsidiary	Location	Registered office	2023 Share capital (USD thousand)	Number of shares held	Percentage owner voting share
MHWirth AS	Norway	Butangen 20, 4639 Kristiansand S	11,361	100,200,004	100%
MHWirth LLC [1)]	US	3300 North Sam Houston Pkwy East, Houston, TX 77032, USA	[1)]	[1)]	100%
Hydril USA Distribution LLC [1)]	US	3300 North Sam Houston Pkwy East, Houston, TX 77032, USA	[1)]	[1)]	100%

[1)] MHWirth LLC and Hydril USA Distribution LLC are structured as companies without shares. Both companies are fully owned by HMH Holding B.V.

Name of the subsidiary

Amounts in USD thousands	Carrying amount as at December 31	Profit / loss(-) for the full year	Equity as at December 31
MHWirth AS	385,265	-19,214	165,056
MHWirth LLC	3,500	-3,037	5,375
Hydril USA Distribution LLC	406,651	16,672	313,256
Total	**795,416**	**-5,580**	**483,687**

Movements in investments in subsidiaries

Amounts in USD thousands	Total
Balance at December 31, 2022	791,915
Capital contributions [1)]	3,500
Balance at December 31, 2023	795,415
Balance at December 31, 2024	**795,415**

[1)] The amount relates to a capital contribution in MHWirth LLC made in June 2023.

Note 6 Shareholders' equity and shareholders

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. As of October 1, 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.
Class A and class B shares are 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.

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 HMH Holding B.V. and its subsidiaries.

Share Capital of EUR 200 consist of 200 shares at par value EUR 1.00. In 2023 or 2024, there have been no change in number of shares issued or change in the Company's share capital.

Shareholders as at December 31, 2024 and 2023

Company	**Number of shares held**	**Ownership**
Baker Hughes Holding LLC	100	50%
Akastor AS	50	25%
Mercury HoldCo Inc.	50	25%

Other reserves Share-based payments
The other reserves comprises the effect of the equity-settled share-based payments in the Group. See note 2.4 in Group's consolidated financial statements for more information.

Unappropriated result
Appropriation of the result of 2023
The financial statements for the reporting year 2023 have been adopted by the General Meeting in April, 2024. The General Meeting has adopted the appropriation of profit after tax for the reporting year 2023 as proposed by the Board of Management.

Proposal for profit appropriation 2024
The Board of Management proposes to the General Meeting to appropriate the profit after tax for 2024 as follows: to pay out an amount of USD 0 thousand as dividend and to deduct the remaining amount of USD -43,255 thousand to retained earnings.

Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the company financial statements.

As at December 31

Amounts in USD thousands	**2024**	**2023**
Shareholders' equity according to the consolidated statement of financial position	**631,793**	**595,881**
Hedge reserve	2,250	-1,097
Pension remeasurement reserve in subsidiaries	-2,489	-2,036
Currency translation reserve in subsidiaries	19,516	-2,075
Accumulated losses from subsidiaries	-164,941	-76,906
Non-controlling interests	-1,170	-
Acquisition of NCI without a change in control	-8,891	-
Shareholders' equity according to HMH Holding B.V. statement of financial position	**476,071**	**513,768**
Amount in Company financial statements	476,071	513,768
Net result according to the consolidated profit and loss account	**44,780**	**10,775**
Profit / loss(-) for the period from subsidiaries	-88,035	-62,464
Net result according to HMH Holding B.V. profit and loss account	**-43,255**	**-51,688**

Note 7 Receivables and borrowings from Group companies and related parties

As at December 31

Amounts in USD thousands	*Note*	**2024**	**2023**
Non-current interest-bearing receivables to Group companies		38,071	12,000
Non-current interest-bearing receivables to related parties		8,638	7,977
Total non-current interest-bearing receivables to Group companies and related parties		**46,709**	**19,977**
Indemnification asset		18,355	20,414
Total non-current non interest-bearing receivables to related parties		**18,355**	**20,414**
Other receivables to Group companies		12,428	11,337
Other receivables to related parties		12,140	-
Current interest-bearing receivables to Group companies		13	23,857
Indemnification asset		1,500	1,500
Total other receivables to Group companies and related parties		**26,081**	**36,693**
Non-current interest-bearing liabilities to related parties	*8*	131,910	119,587
Total interest-bearing liabilities to related parties		**131,910**	**119,587**
Current borrowings from Group companies		-	2,553
Total current borrowings from Group companies		**-**	**2,553**

Interest-bearing receivables to and borrowings from related parties and Group companies
On April 1, 2023, the Company agreed with the related parties to charge interest of 8 % p.a, the expected maturity date is November 2026.

Non-current interest-bearing liability to related parties is a long-term loan provided by Akastor and Bakers Hughes. See note 8 for terms on borrowings.

HMH Holding B.V. is the Group’s central treasury function and enters into borrowings and deposit agreements with Group companies. Deposits and borrowings are done at market terms and are dependent of the group companies’ credit rating and the duration of the borrowings.

The intercompany receivables are considered recoverable by management. The carrying values of the recognized current receivables approximate their respective fair values, given the short maturities of the positions. For the non-current receivables, appropriate interest rates are applied.

Indemnification asset
In connection with the merger transaction deal, the Company obtained an indemnification asset. That is related to the pension liabilities Akastor sold to the Company. As result Akastor is contractually obliged to indemnify the Company for that specific liability. An asset was recognized at the same time and measured using the same measurement basis as the liability. This ensured that both the asset and the liability were measured on a consistent basis using similar assumptions.

After initial recognition, an indemnification asset continues to be measured based on the assumptions used to measure the related liability, subject to management's assessment of collectability of the asset, limited to the amount of the liability to which it relates. Remeasurement is accounted for as finance income or finance expenses. For the accounting of the pension receivable please refer to note 7.3 in the Group's consolidated financial statements.

Other Receivables to Group companies
HMH Holding B.V. delivers Global Service Charge, Global IT Service fee and Division service to its subsidiaries and trade receivables to Group companies represent unpaid balances as at December 31, 2024 and 2023.

HMH Holding B.V. has accounting, legal and other costs which will be reimbursed by HMH Holding Inc. upon consummation of an initial public offering. This amount is included in Other receivables to Group Companies.

Cash pool arrangement
HMH Holding B.V. is the owner of the cash pool system arrangement. The cash pool systems cover a majority of the Group geographically and assure good control and access to the Group’s cash. Participation in the cash pool is vested in the Group’s policy and decided by each company’s Board of Directors and confirmed by a statement of participation. The participants in the cash pool system owns their respective cash balances but are jointly and severally liable and it is therefore important that HMH as a group is financially viable and can repay deposits and carry out transactions. Any debit balance on a sub account can be set-off against any credit balance. Hence, a debit balance represents a claim on HMH and a credit balance a borrowing from HMH.

Additional undrawn committed current bank revolving credit facilities amount to USD 35 million including an undrawn overdraft limit amounting to USD 49 million that together with cash and cash equivalents gives a total liquidity reserve of USD 84 million as at December 31, 2024 (2023: USD 90.5 million). As at December 31, 2024 and 2023 no cash balances are restricted for use.

As at December 31

Amounts in USD thousands	*Note*	**2024**	**2023**
HMH Holding B.V. cash / net current borrowings (-) in the cash pool system		-41,601	410
Cash in cash pool system (owned by the Company)		**-41,601**	**410**

Note 8 Borrowings

As at December 31, 2024

Amounts in USD thousands	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest Terms
Senior Secured Bonds (HMH02)	USD	200,000	196,836		9.88%	Nov 2026	Fixed rate
Shareholder loan	USD	131,910	131,910		8.00%	Oct 2027	Fixed rate
Revolving Credit Facility 2023 (USD 50 million)	USD	15,000	14,427	3.75%		May 2026	SOFR + Margin
Total borrowings			**343,173**				
Current borrowings			14,427				
Non-current borrowings			328,746				
Total			**343,173**				

Reconciliation of liabilities arising from financing activities

Amounts in USD thousands	January 1, 2024	Cash flows	Deferred interest	Amortization	Capitalized borrowing costs	December 31, 2024
Bridge loan facility	-	-	-	-	-	-
Bond loan HMH01	-	-	-	-	-	-
Senior Secured Bonds (HMH02)	198,928	-2,469	-	1,559	-1,181	196,836
Shareholder loan	119,587	-	12,323	-	-	131,910
Revolving credit facilities	-	-	-	-	-	-
Revolving credit facilities 2023	18,659	-7,000	-	299	-	14,427
	337,174	**-9,469**	**12,323**	**1,858**	**-1,181**	**343,173**

Refer to note 4.7 Borrowings in the Group's Consolidated Financial Statements for details

As at December 31, 2023

Amounts in thousands	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity	Interest Terms
Bond loan HMH01	USD	-	-	7.00%		Feb 2025	LIBOR + Margin
Senior Secured Bonds (HMH02)	USD	200,000	198,928		9.88%	Nov 2026	Fixed rate
Shareholder loan	USD	119,587	119,587		8.00%	Oct 2027	Fixed rate
Revolving Credit Facility (USD 80 million)	USD	-	-	4.00%		Feb 2024	LIBOR + Margin
Revolving Credit Facility 2023 (USD 50 million)	USD	22,000	18,659	3.75%		May 2026	SOFR + Margin
Total borrowings			**337,174**				
Current borrowings			22,000				
Non-current borrowings			315,175				
Total			**337,174**				

Reconciliation of liabilities arising from financing activities

Amounts in USD thousands	January 1, 2023	Non-cash effect	Cash flows	Deferred interest	Amortization	Capitalized borrowing costs	December 31, 2023
Term loan facility	35,684	-	-39,226	-	3,542	-	-
Bond loan HMH01	147,858	-39,941	-110,059	-	2,142	-	-
Senior Secured Bonds (HMH02)	-	39,941	160,059	2,469	101	-3,642	198,928
Shareholder loan	110,266	-	-	9,321	-	-	119,587
Revolving credit facilities	8,035	-	-8,035	-	-	-	-
Revolving credit facilities 2023	-	-	19,531	-	25	-897	18,659
Current liability to credit institutions	1,190	-	-1,280	-	90	-	-
	303,033	**0**	**20,990**	**11,790**	**5,900**	**-4,539**	**337,174**

Refer to note 4.7 Borrowings in the Group's Consolidated Financial Statements for details

Note 9 Guarantees

Loan guarantee
Subsidiaries defined as material under the bond terms and facility agreement serve as guarantors for the fulfilment of payment of interest, principal and other specified costs for HMH Holding B.V. The security provided by each guarantor is limited to USD 900 million. The amount is a formality required under Norwegian law and covers outstanding debt, future interest payments, availability of taking on further debt, an also an additional buffer amount.

Note 10 Trade and other payables

As at December 31 *Amounts in USD thousands*	**2024**	**2023**
Trade payables	12,234	5,655
Accrued interest	2,938	2,565
Accrual for group overhead costs [1)]	1,868	1,781
Total trade and other payables	**17,040**	**10,001**

[1)] The short-term liabilities are based on expected future invoices from group companies and 3rd parties.

Note 11 Financial risk management and financial instruments

Fair value
The fair values of most of the financial instruments recognized on the statement of financial position, including accounts receivable, cash at the bank and in hand, and current liabilities, are approximately equal to their carrying amounts.

Currency risk
Subsidiaries may enter into financial derivative agreements with the parent company to hedge their foreign exchange exposure. Accordingly, derivatives from external banks are used to mitigate the foreign exchange exposure from the financial derivative agreements with the subsidiaries. In addition, HMH Holding B.V. may have cash flow exposure towards its financial assets and liabilities. HMH Holding B.V. may enter into financial derivative agreements to hedge these potential cash flow exposures.

As at December 31, 2024, HMH Holding B.V. had not entered into any foreign exchange derivative contracts. The majority of the monetary assets and liabilities are denominated in USD, hence the currency risk associated with the financial position is considered immaterial.

Interest rate risk
The Company is exposed to changes in interest rates because of floating interest rate on loan receivables and loan payables. The Company does not hedge transactions exposure in financial markets and does not have any fixed interest rate loan receivables nor loan payables. The Company is therefore not exposed to fair value risk on its outstanding loan receivables or loan payables. Interest bearing loan receivables and loan payables expose the Company to income statement and cash flow interest risk.

Interest-bearing borrowings to group companies reflect the cost of external borrowing, reducing the interest risk exposure for HMH Holding B.V.

Credit risk
Credit risk is the risk of financial losses to the Company if a customer or counterparty fails to meet contractual obligations. Credit risk relates to loans to subsidiaries and associated companies, guarantees to subsidiaries and associated companies and deposits with external banks. External deposits are done according to a list of approved banks and primarily with banks where the Company also have a borrowing relationship. Cash and cash equivalents are held with approved banks. The Company considers credit risk on its cash and cash equivalents to be insignificant.

Loss allowances for interest-bearing receivables are made in situations of negative equity if the Company is not expected to be able to fulfil its loan obligations from future earnings. However, an impairment of USD 14 million was recognised in 2024. See note 7 Receivables and borrowings from group companies for more information about receivables. The counterparties of HMH is within Drilling and oil business and is larger companies with longer history with either the PCS or ESS business. Receivables to related parties are only toward the owners that are solid companies with good credit rating.

Management is making analyses on the concentration of the credit risk. Based on the current knowledge, no credit risk is related on geographical region or type of subsidiaries. The main type of the receivables is related to group and related parties with good credit ratings. Management believes that there is no concentration

As at December 31, 2024

Amounts in USD thousands	*Note*	**Carrying amount as at December 31**	**Total cash flow**	**6 months and less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-current borrowings [1)]		328,746	403,052	9,880	9,880	218,113	165,179	-
Current borrowings		14,427	15,350	15,350	-	-	-	-
Trade payable and other current liabilities		17,040	17,040	17,040	-	-	-	-
Total financial liabilities		**360,213**	**435,441**	**42,269**	**9,880**	**218,113**	**165,179**	**-**

As at December 31, 2023

Amounts in USD thousands	*Note*	**Carrying amount as at December 31**	**Total cash flow**	**6 months and less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-current borrowings [1)]		315,175	415,804	9,880	9,880	19,760	376,284	-
Current borrowings		22,000	22,121	-	-	-	-	-
Trade payable and other current liabilities		10,001	10,001	-	-	-	-	-
Current borrowings from Group companies		2,553	2,602	2,602	-	-	-	-
Total financial liabilities		**349,729**	**450,527**	**2,602**	**9,880**	**19,760**	**376,284**	**-**

[1)] The Group expects not to settle shareholder loan of USD 100 million (principal amount) is prior to external debt, earliest maturity date is set to October 1, 2026. The loan is subject to an 8% interest rate p.a. which is deferred. See note 8 for details.

Note 12 Related parties

Transactions and balances with group companies and related parties are described in the following notes:

Amounts in USD thousands	*Note*	**2024**	**2023**
Other revenue	2	19,943	7,719
Operating expenses	2	17,810	5,887
Finance income	3	6,085	7,100
Finance expenses	3	10,075	9,165

Statement of financial position

Amounts in USD thousands	*Note*	**December 31, 2024**	**December 31, 2023**
Investments	5	795,416	795,416
Receivables	7	91,146	77,084
Cash pool, cash / net current borrowings (-)	7	-41,601	410
Liabilities	7	131,910	122,140
Contingent considerations		8,676	9,413

Transactions with shareholders
HMH Holding 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. 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 HMH Holding B.V. and its subsidiaries. For further details see note 7.3 in the Group consolidated financial statement.

Transactions with key management
Board of directors
The Board of directors received no remuneration for being directors, for their Directors roles. The members of the Board of directors have no agreements that entitle them to any other remuneration from HMH and neither they have loans, advanced payments, guarantees granted by the Company.

Policy for remuneration the Executive management
As at December 31, 2024, the executive management of HMH Holding B.V comprised of CEO Eirik Bergsvik, CFO Thomas McGee, GC/CAO Dwight Rettig, CTO Pål Skogerbø, COO Eugene C. Chauviere and CCO Roy Dyrseth. The Executive management receives remuneration on normal conditions from respective subsidiaries.

Refer to note 7.4 Management remuneration in the Group's Consolidated Financial Statements for details on remuneration paid to key management.

Directors' and Executive management's shareholding
Directors and the members of the executive management have no shares in HMH Holding B.V. as at December 31, 2024, or 2023. Refer to note 7.4 Commitments and contingencies in the Group's Consolidated Financial Statements for details.

Transactions with group companies
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.

HMH Holding B.V. is a parent company which controls 32 companies around the world. Any transactions between the parent company and the subsidiaries are at arm's length, and is shown line by line in the parent company's financial statements of the parent company.

Associates are accounted for using the equity method. Transactions between the Company and these entities are shown in the table below. Refer to note 2

Summary of transactions and balances with related parties in 2024

Amounts in USD thousands	Akastor	Baker-Hughes	*Total*
Period January 1, 2024 - December 31, 2024			
Income statement			
Net financial items			**-**
Balance as at December 31, 2024			
Borrowings / shareholder loans	-28,143	-103,767	**-131,910**
Indemnification asset	19,855	-	**19,855**
Current interest-bearing receivables to related parties	4,338	4,299	**8,637**
Liability to shareholders	-8,162	-514	**-8,676**

Summary of transactions and balances with related parties in 2023

Amounts in USD thousands	Akastor	Baker-Hughes	*Total*
Period January 1, 2023 - December 31, 2023			
Income statement			
Net financial items	-1,517	-6,974	**-8,491**
Balance as at December 31, 2023			
Borrowings / shareholder loans	-23,917	-95,670	**-119,587**
Indemnification asset	21,914	-	**21,914**
Current non-interest-bearing receivables to related parties	4,007	3,970	**7,977**
Liability to shareholders	-8,747	-666	**9,413**

Note 13 Subsequent events

See note 7.5 in the Group's Consolidated Financial Statements.

Other information

Appropriation of the result for the year
According to the Article 11.1.1 of the Company's Article of Association, the allocation of the results shall be included in the retained earnings and reflected in the annual accounts as adopted by the General Meeting.

Report of the independent auditor
For the report of the independent auditor, reference is made to following pages of the annual report.

Signatures of the financial statements
The Board of Directors have discussed and approved these financial statements for 2024 of HMH Holding B.V.. These 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) and the additional requirements of the Dutch Civil Code, Book 2, Part 9.

In our opinion, the financial statements give a true and fair view of HMH Holding B.V.'s financial position at December 31, 2024 and of the result of HMH Holding B.V.'s operations and the cash flows for the for the year ended December 31, 2024.

Branch offices
The Group has branch offices in Baku, Azerbaijan that operate under the respective trade name MHWirth Azerbaijan and a branch office in South Korea that operates under the respective trade name MHWirth Korea.

The financial statements for the year ended December 31, 2024 of HMH Holding B.V. were authorized for issue by the Board of Directors on, April 28, 2025.

Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of HMH Holding B.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of HMH Holding B.V. as at 31 December 2024 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2024 of HMH Holding B.V. based in Amsterdam.

The financial statements comprise:

1 the consolidated and company statement of financial position as at 31 December 2024;

2 the following consolidated and company statements for the year ended 31 December 2024: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of HMH Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality
Consolidated financial statements
• Materiality of USD 7 million
• 0.8% of the Revenue
Company financial statements
• Materiality of USD 5.3 million
• 0.6% of Total assets

Group audit
• Performed substantive procedures for 88% of total assets
• Performed substantive procedures for 84% of revenue

Risk of material misstatements related to Fraud, NOCLAR and Going concern risks
• Fraud risks: presumed risk of management override of controls and presumed risk of revenue recognition. Identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
• Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
• Going concern risks: no going concern risks identified.

Key audit matters
• Revenue recognition – project and other manufacturing contracts
• Revenue recognition – sales of products, spare parts and rendering of services

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at USD 7 million (2023: USD 6.4 million) and for the company financial statements as a whole at USD 5.3 million (2023: USD 5.1 million).

The materiality for the consolidated financial statements is determined with reference to the relevant benchmark, being 0.8% of the revenue. We consider revenue as the most appropriate benchmark because it serves as the foremost metric utilized by stakeholders. The increase in materiality levels between the years is directly associated with the increase in revenues.

The materiality for the company financial statements is determined with reference to the relevant benchmark, being 0.6% of total assets. We consider total assets, which mainly includes the investment in the subsidiary, as the most appropriate benchmark, given the activities of the stand-alone Company as a Group holding and investment company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and company financial statements for qualitative reasons.

We agreed with the Board of Directors that uncorrected misstatements identified during our audit in excess of USD 325,000 and USD 240,000 of the consolidated and company financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group audit

HMH Holding B.V. is at the head of a group of components (hereafter: 'Group'). The financial information of this Group is included in the financial statements of HMH Holding B.V.

This year, we applied the revised Group auditing standard in our audit of the financial statements. The revised standard emphasizes the role and responsibilities of the Group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the Group. As a result, we determine coverage differently and comparisons to prior period coverage figures are not meaningful.

We performed risk assessment procedures throughout our audit to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements. To appropriately respond to those assessed risks, we planned and performed further audit procedures, either at component level or centrally. We identified nine components associated with a risk of material misstatement. For four out of these nine components we involved component auditors. We, as Group auditor, audited the remaining components. We set component performance materiality levels considering the component's size and risk profile.

We have performed substantive procedures for 88% of the Group revenue and 84% of the Group total assets. At Group level, we assessed the aggregation risk in the remaining financial information and concluded that there is a less than reasonable possibility of a material misstatement.

In supervising and directing our component auditors, we:

- held risk assessment discussions with the component auditors to obtain their input to identify matters relevant to the Group audit;
- issued Group audit instructions to component auditors on the scope, nature and timing of their work, and received written communication about the results of the work they performed;
- held meetings with component auditors in person and/or virtually to discuss relevant developments, and to understand and evaluate their work;
- inspected the work performed by component auditors and evaluated the appropriateness of audit procedures performed and conclusions drawn from the audit evidence obtained, and the relation between communicated findings and work performed. In our inspection we mainly focused on key audit matters, significant risks and key judgement areas.

We consider that the scope of our Group audit forms an appropriate basis for our audit opinion. By performing the procedures mentioned above, we obtained sufficient and appropriate audit evidence about the Group's financial information to provide an opinion on the financial statements as a whole.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapter 'Significant risks and uncertainties' of the Management Board report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register, and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management and other relevant functions, such as Internal Audit, Legal Counsel and Compliance. We have also incorporated elements of unpredictability in our audit, such as integrating a new component into the scope involving Bronco Manufacturing LLC.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-bribery and corruption laws and regulations.
- Anti-money laundering and terrorist financing laws and regulations.
- Trade sanctions and export controls laws and regulations.

Our procedures did not result in the identification of a reportable risk of material misstatement in respect of non-compliance with laws and regulations.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as accounting records around the estimate related to valuation of assets and liabilities.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis of journal entries to determine any potential high-risk criteria and performed procedures for any identified risk, such as a screening of journal entries which contain specific words or unexpected journal entry bookings.
- We incorporated elements of unpredictability in our audit, integrating a new component into the scope involving Bronco Manufacturing LLC (USA).
- We reviewed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- We evaluated the business rationale for significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
- We identified and tested relevant controls over journal entries and post-closing adjustments.

- We evaluated the appropriateness of all material manual and late adjustments made during the consolidation process.
- We made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

Revenue recognition (a presumed risk)

Risks:

There is a risk of inaccurate and premature revenue recognition in relation to project and other manufacturing contracts (over time revenue), as it is a complex area and it involves a high degree of judgement. The potential effects of these estimates could be material, increasing the risk of error. Moreover, there is a presumed risk of fraud linked to potential overstatement of revenue.

There is a presumed risk of fraud on revenue recognition concerning product sales, spare parts and rendering of services; this risk is increased due to the substantial volume of transactions involved. Product and spare parts revenue is recognized at the point of sale, whereas service revenue is recognized over time.

The risk of fraud extends to the revenue cut-off risk, specifically the intentional shifting of revenue between reporting periods. This applies across products, spare parts, and services revenue streams.

Response:

- We refer to our key audit matters: ‘Revenue recognition – project and other manufacturing contracts’ and ‘Revenue recognition – sales of products, spare parts and rendering of services’.
- Our evaluation of the procedures performed in relation to fraud and non-compliance with laws and regulations did not result in an additional key audit matter.
- We communicated our risk assessment, audit responses and results to the Board of Directors and the Audit Committee of the Company.
- Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

As mentioned above, our evaluation of procedures performed related to fraud did not result in an additional key audit matter.

We communicated our risk assessment, audit responses and results to management and the Audit Committee.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any going concern risks.

Our main procedures to assess the Board of Directors' assessment were:

- We considered whether the Board of Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- We inspected the terms of conditions of the financing agreements that could lead to going concern risks, the term of the agreement and any covenants.
- We analysed the Group's financial position, result of the year and cashflow as at year-end 2024 and compared it to 31 December 2023 in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Directors' going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year, the key audit matter with respect to 'Impairment of Goodwill' is not included, since we concluded in our risk assessment procedures that the risk of impairment has been reduced compared to prior year due to the Company's financial performance.

Revenue recognition – project and other manufacturing contracts

Description

As stated in the 'Audit response to the risk of fraud and non-compliance with laws and regulations' section of our auditor's report, there is a risk of inaccurate and premature revenue recognition in accordance with IFRS 15 in relation to project and other manufacturing contracts (over time revenue) as it is affected by subjective elements.

Key area of judgement applied is estimating costs to complete and projected revenue, whether impacted by change orders, project progress and/or (potential) disputes. Due to the aforementioned risk of inaccurate and premature revenue recognition and since project and other manufacturing contracts involve significant judgement in estimation of future contract costs, we consider the revenue recognition as a key audit matter and as a significant fraud risk.

Our response

- We inspected the accounting policy to ensure the approach and methods for revenue recognition are appropriate and have been applied consistently in accordance with IFRS 15 'Revenue from Contracts with Customers'.
- We obtained an understanding of internal controls, including testing of design and implementation of control activities with respect to project management, project accounting and the project results estimation process, and evaluated the design of the controls over the Board of Directors' estimation process.

- We challenged management's assumptions in determining if certain contracts contain single or multiple performance obligations by obtaining, reading, and critically assessing the terms and conditions of relevant contractual documents.
- We evaluated management's process for assessing the stage of completion and the method applied in accordance with IFRS 15 ‘Revenue from Contracts with Customers’, including verifying management’s input for the stage of completion calculation and reperformed it.
- We inspected and challenged project reports and other assessments made by management comparing the current forecasts to historical outcomes, where relevant.
- We challenged management on the estimate of costs to complete and the risk assessment related to fulfilment costs.
- We assessed the adequacy of the presentation of revenue-related disclosures in the consolidated financial statements.

Our observation

The results of our procedures on revenue recognition were satisfactory. We consider the disclosures relating to revenue recognition, as included in note 2.1 in the consolidated financial statements, to be adequate.

Revenue recognition – sales of products, spare parts and rendering of services

Description

Products, spare parts and rendering of services revenue involve a high volume of transactions, while product revenue is recognized at a point in time and service revenue is recognized over time. There is a risk of fraud (risk of intentional shifting the revenue in a different period) related to the cut-off on the revenue stream for products, spare parts and rendering of services.

Our response

- We inspected the accounting policy to ensure the approach and methods for revenue recognition are appropriate and have been applied consistently in accordance with IFRS 15 ‘Revenue from sales of products and rendering of services’.
- We obtained an understanding of internal controls, including testing of design and implementation of control activities with respect to timely recognition of the products and services revenue.
- We challenged management’s assumptions in respect of satisfied performance obligations related to revenue recognized.
- We tested the revenue around year-end to ensure that the sales of products, spare parts and rendering of services are recognized in the correct accounting period.
- We performed substantive procedures over credit notes, rebates and discounts after the reporting date to ensure that revenue has been recognized in the appropriate accounting period.

- We assessed the adequacy of the presentation of revenue-related disclosures in the consolidated financial statements.

Our observation

The results of our procedures on revenue recognition were satisfactory. We consider the disclosures relating to revenue recognition, as included in note 2.1 in the consolidated financial statements, to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of HMH Holding B.V. on 13 December 2022, for the audit of the financial year 2021, and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services during the statutory audit.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Audit Committee for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In that respect the Board of Directors, under supervision of the Audit Committee, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing HMH Holding B.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate HMH Holding B.V. or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing HMH Holding B.V.'s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in Appendix 1 of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 28 April 2025

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

Appendix 1:
Description of our responsibilities for the audit of the financial statements

Appendix 1

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 HMH Holding B.V.'s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors' 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 HMH Holding B.V.'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;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We bear the full responsibility for the auditor's report.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.