



Interim condensed consolidated financial information
December 31, 2024
HMH Holding B.V. including subsidiaries
Unaudited

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Business Review Q4 2024

Business Summary

HMH reports revenues of USD 232 million for the three months ended December 31, 2024, with an adjusted EBITDA (adjusted for non-recurring expenses or costs defined as outside of normal company operations) of USD 47 million, corresponding to an EBITDA margin of approximately 20.4%. Unadjusted EBITDA was USD 46.7 million for the three months ended December 31, 2024. Revenues from Aftermarket Services were USD 103 million in the quarter, up 9%, compared to fourth quarter last year driven by increase of contract service agreements and digital technology volume and up 23% quarter-on-quarter driven by overhaul and repair. Order intake within this segment in period was up 17% year-on-year and up 32% quarter-on-quarter driven by overhaul and repair order intake. Revenues from Spares were 56 million in the quarter, down by 22% compared to fourth quarter last year and down 10% quarter-on-quarter driven by reduced volume due to flat rig activity and restrained spending by customers. Revenues from Projects, Products & Other were USD 73 million in the quarter, up 69% year-on-year and up 13% quarter-on-quarter driven by projects.

Adjusted EBITDA and Cash Flow

Adjusted EBITDA was up 3% on a year over year, and up 4% on a quarter over quarter basis, driven by increased in overhaul and repair activity and contract services agreements performance. Free cash flow (cash generated from operating activities less taxes paid and net investments, plus interest) was 44 million driven by significant improvement in working capital.

Capital Structure

In 4Q24 HMH ended the quarter with USD 215 million of gross interest-bearing debt, with USD 15 million drawn under the RCF. With USD 49 million of cash on the balance sheet, we have USD 166 million of net debt. HMH stays well within all covenant requirements for Minimum Liquidity, Gearing Ratio and Interest Coverage Ratio.

Growth

The Company continues to look to expand current product offerings in new areas, while also looking at a wide variety of M&A opportunities. As a top priority, we are looking to expand our land capabilities. Furthermore, we continue to explore other oil and gas capital equipment segments. Finally, we have both organic and inorganic initiatives aimed at increasing our non-oil and gas businesses.

A handwritten signature in blue ink, appearing to read 'TMcGee', positioned above a horizontal line.

Thomas McGee
(Chief Financial Officer)

Amsterdam February 28, 2025

Unaudited condensed consolidated interim income statement

<i>Amounts in USD thousands</i>	<i>Notes</i>	Fourth Quarter		Fourth quarter YTD	
		2024	2023	2024	2023
Revenue and other income	2.1	231,735	208,332	843,268	785,579
Operating expenses		-184,999	-162,835	-681,102	-663,352
Operating profit before depreciation, amortization and impairment	2.2	46,736	45,497	162,166	122,227
Depreciation and amortization	2.2	-12,729	-13,447	-47,629	-44,683
Operating profit / loss(-)		34,007	32,050	114,537	77,544
Finance income	4.2	3,550	4,978	19,019	13,769
Finance expenses	4.2	-21,653	-26,253	-63,505	-63,882
Net finance expenses		-18,103	-21,275	-44,486	-50,113
Profit / loss(-) before tax		15,904	10,774	70,051	27,431
Income tax expense	5.4	-9,994	-6,597	-24,533	-16,655
Profit / loss(-) for the period		5,911	4,177	45,518	10,775
Profit / loss(-) attributable to:					
Equity holders of the parent		5,725	4,177	44,780	10,775
Non-controlling interests		185	-	739	-

Unaudited condensed consolidated interim statement of comprehensive income

<i>Amounts in USD thousands</i>	<i>Notes</i>	Fourth Quarter		Fourth quarter YTD	
		2024	2023	2024	2023
Profit / loss(-) for the period		5,911	4,177	45,518	10,775
Other comprehensive income					
Cash flow hedges, gross amount		3,202	5,574	4,185	3,584
Cash flow hedges, related tax		-640	-1,115	-837	-717
Total change in hedging reserve, net of tax		2,561	4,459	3,348	2,867
Currency translation differences - foreign operations		-14,877	4,753	-21,591	5,126
Total items that may be reclassified subsequently to profit or loss, net of tax		-12,316	9,212	-18,243	7,993
Remeasurement gain (loss) net defined benefit liability		513	-160	567	13
Deferred tax of remeasurement gain (loss) net defined benefit liability		-103	-53	-113	4
Total items that will not be reclassified to profit or loss, net of tax		411	-214	453	17
Total other comprehensive income / loss(-) for the period, net of tax		-11,905	8,998	-17,790	8,009
Total comprehensive income / loss(-)		-5,995	13,175	27,729	18,785
Total comprehensive income / loss(-) attributable to:					
Equity holders of the parent		-6,181	13,175	26,990	18,785
Non-controlling interests		185	-	739	-

Unaudited condensed consolidated interim statement of financial position

<i>Amounts in USD thousands</i>	<i>Notes</i>	31.12.2024	31.12.2023
Assets			
Deferred tax assets		19,139	28,570
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	5.3	31,854	28,488
Total non-current assets		724,026	742,359
Prepaid income tax		682	884
Inventories		279,957	241,404
Trade receivables and other current assets	4.1	181,712	178,205
Derivative financial instruments	4.1	1,713	2,759
Current financial assets	4.1	3,679	1,500
Contract assets	4.1	143,360	143,653
Cash and cash equivalents	4.1	48,912	62,524
Total current assets		660,015	630,929
TOTAL ASSETS		1,384,041	1,373,289
EQUITY AND LIABILITIES			
<i>Amounts in USD thousands</i>			
	<i>Notes</i>	31.12.2024	31.12.2023
EQUITY AND LIABILITIES			
Share capital		0	0
Share premium		601,539	601,539
Other equity		5,137	15,175
Retained earnings		23,948	-20,832
Equity attributable to equity holders of the parent company		630,623	595,881
Non-controlling interests		1,170	-
Total equity		631,793	595,881
Non-current borrowings	4.3	328,747	315,175
Non-current lease liabilities	3.2	30,684	28,617
Employee benefit obligations		16,828	19,154
Deferred tax liabilities		19,128	21,541
Non-current provisions	5.2	822	1,068
Other non-current liabilities	4.1	14,212	11,359
Total non-current liabilities		410,421	396,913
Current borrowings	4.3	14,428	25,453
Current lease liabilities	3.2	8,688	8,722
Current tax liabilities		6,040	8,283
Current provisions	5.2	16,109	17,829
Trade payables and other current liabilities	4.1	236,322	243,356
Contract liabilities		55,627	75,525
Derivative financial instruments	4.1	4,612	1,326
Total current liabilities		341,825	380,495
Total liabilities		752,247	777,408
TOTAL EQUITY AND LIABILITIES		1,384,041	1,373,289

Amsterdam, February 28, 2025



 Thomas McGee
 (Chief Financial Officer)

Unaudited condensed consolidated interim statement of cash flows

<i>Amounts in USD thousands</i>	Notes	Fourth Quarter		Fourth quarter YTD	
		2024	2023	2024	2023
<i>Cash flow from operating activities</i>					
Profit / loss(-) before tax		15,904	10,775	70,051	27,431
<i>Adjustments for:</i>					
Net finance income and expenses		18,103	21,275	44,486	50,113
Share-based payment expense		517	990	5,557	6,470
Foreign exchange gain and loss (-)		-9,786	-826	-7,529	527
Other net finance cost / income (-)		-1,124	1,894	-3,035	-726
Depreciation, amortization and impairment	3.1	12,729	13,447	47,629	44,683
Sum of adjustments		36,343	47,525	157,158	128,469
<i>Changes in working capital:</i>					
Decrease/increase(-) in trade receivables and other current assets		6,621	19,266	-1,514	-4,724
Decrease/increase(-) in inventories		2,502	-3,261	-35,510	-58,664
Increase/decrease(-) in trade payables and other liabilities		25,584	9,386	-13,152	-5,569
Decrease/increase(-) in contract assets		-4,350	-44,031	293	-19,967
Increase/decrease(-) in contract liabilities		-5,302	4,500	-19,898	17,886
Other changes		-7,348	9,464	-7,502	10,875
Sum of changes in working capital		17,707	-4,676	-77,283	-60,164
Interest paid		-9,522	-7,287	-20,965	-26,159
Interest paid for leases	4.2	-577	-905	-2,158	-2,180
Interest received	4.2	824	443	2,788	2,592
Income taxes paid		-5,706	-3,136	-20,593	-11,972
Net cash from / used in (-) operating activities		39,069	31,965	38,948	30,586
<i>Cash flow from investing activities</i>					
Purchase of property, plant and equipment	3.1	-4,812	-3,258	-14,501	-14,116
Payments for capitalized development expenses	3.3	-393	-5,500	-1,422	-10,541
Proceeds from sale of property, plant and equipment		186	601	213	601
Acquisition of subsidiaries, net of cash acquired	5.1	0	-	-19,624	-
Net cash flow from / used in (-) investing activities		-5,019	-8,157	-35,334	-24,057
<i>Cash flow from financing activities</i>					
Proceeds from sale to non-controlling interests		-	-	2,291	-
Proceeds from borrowings	4.3	-15,000	131,986	15,000	183,043
Payment of borrowings	4.3	-	-128,764	-22,984	-157,320
Payment of borrowing cost	4.3	-12	-11,130	-1,627	-11,243
Payment of lease liabilities	3.2	-2,349	1,316	-7,958	-4,836
Net cash flow from / used in (-) financing activities		-17,361	-6,592	-15,278	9,644
Effect of exchange rate changes on cash and cash equivalents		-1,176	894	-1,948	-986
Net increase / decrease (-) in cash and cash equivalents		15,512	18,110	-13,612	15,188
Cash and cash equivalents at the beginning of the period		33,400	44,414	62,524	47,336
Cash and cash equivalents at the end of the period		48,912	62,524	48,912	62,524

Unaudited condensed consolidated interim statement of changes in equity

For the twelve months ended December 31, 2024

<i>Amounts in USD thousands</i>	Share capital ¹⁾	Share premium	Hedging reserve	Other equity			Retained earnings	Total	Non-controlling interest	Total equity
				Pension remeasurement reserve	Other reserves ²⁾	Currency translation reserve				
Equity as of January 1, 2024	-	601,539	1,098	2,036	9,967	2,075	-20,832	595,881	-	595,881
Profit / loss (-) for the period	-	-	-	-	-	-	44,780	44,780	739	45,518
Other comprehensive income / loss (-)	-	-	-3,348	453	-	-21,591	-	-24,486	-	-24,486
Share-based payments	-	-	-	-	5,557	-	-	5,557	-	5,557
Total comprehensive income/loss(-)	-	-	-3,348	453	5,557	-21,591	44,780	25,851	739	26,590
Sale ownership interest in Hydril Arabia (note 5.6)	-	-	-	-	8,891	-	-	8,891	431	9,322
Equity as of December 31, 2024	-	601,539	-2,250	2,489	24,415	-19,516	23,948	630,623	1,170	631,793

¹⁾ Share capital is USD 0.002 thousand at December 31, 2024

²⁾ Paid in capital, See note 5.6.

For the twelve months ended December 31, 2023

<i>Amounts in USD thousands</i>	Share capital ¹⁾	Share premium	Hedging reserve	Other equity			Retained earnings	Total	Non-controlling interests	Total equity
				Pension remeasurement reserve	Other reserves	Currency translation reserve				
Equity as of January 1, 2023	-	601,539	-1,769	2,019	-	-3,051	-31,607	567,130	-	567,130
Profit / loss (-) for the period	-	-	-	-	-	-	10,775	10,775	-	10,775
Other comprehensive income / loss (-)	-	-	2,867	17	-	5,126	-	8,009	-	8,009
Share-based payments	-	-	-	-	9,967	-	-	9,967	-	9,967
Total comprehensive income/loss(-)	-	601,539	1,098	2,036	9,967	2,075	-20,832	595,881	-	595,881
Equity as of December 31, 2023	-	601,539	1,098	2,036	9,967	2,075	-20,832	595,881	-	595,881

¹⁾ Share capital is USD 0.002 thousand at December 31, 2023

Section 1 - Background

Note 1 General information

1.1 Corporate information

HMH (the Group) consist of HMH Holding B.V. and its subsidiaries. HMH Holding B.V. is a limited liability company that was incorporated and domiciled in the Netherlands on the April 28, 2021. The registered office is located at Amstelveenseweg 500, 1081KL Amsterdam, Netherlands.

The HMH Group was established with effect from October 1, 2021, HMH Holding B.V. acquired 100% of MHWirth and 100% of Subsea Drilling System. The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%).

HMH is a leading global provider of full-service offshore and onshore drilling equipment offering that provides our customers with a broad portfolio of products and services that are designed to be safer and more efficient.

1.2 Basis of preparation

The interim condensed consolidated financial statements for the three and twelve months ended December 31, 2024 have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended standards are effective as of January 1, 2024 but the Group does not have any significant impact on its consolidated financial statements.

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

At the end of 2023, the Group discovered and corrected errors relating to goodwill, StepOil Tool and IFRS 16 Leases and changed its accounting policies for project inventory, refer to note 8.1 and 8.2 in the Group's consolidated financial statement for the year ended December 31, 2023. Therefore, the Group has also restated the comparatives in the current interim condensed consolidated financial statements accordingly to reflect the corrected 2023 figures.

The interim condensed consolidated financial statements for the three and twelve months ended December 31, 2024 are unaudited.

Section 2 - Operating performance
Note 2.1 - Revenue

Revenue types

<i>Amounts in USD thousands</i>	Fourth Quarter		Fourth quarter YTD	
	2024	2023	2024	2023
Revenue from contracts with customers	231,703	207,561	840,604	782,555
Other revenue and income				
Lease revenue	-	185	-	465
Other income	31	555	2,663	2,528
Gain / Loss (-) on disposal of fixed assets	-	30	1	30
Total revenue and other income	231,734	208,331	843,268	785,579

Disaggregation of revenue from contracts with customers

Revenue from contract with customers is disaggregated in the following table by major contract and revenue types and timing of revenue recognition and by operating segments. HMM has two operating segments: Equipment and System Solutions (ESS) and Pressure Control Systems (PCS).

ESS is a supplier of drilling solutions and complete top side drilling packages and services to both onshore and offshore oil and gas, which includes: overhaul, equipment installation and commissioning, services account management, 24/7 technical support, logistics, engineering upgrades, spare parts supply, training and condition based maintenance etc. ESS segment is derived from the acquisition of MHWirth AS.

PCS is a supplier of integrated drilling products and services, and the key product offering consists of Blowout Prevention (BOP) systems, controls and drilling riser equipment, spare parts supply for rig operations and maintenance programs, overhaul and recertification and reactivation of rigs, technical and operational rig support which includes a 24/7 support center and Contractual Service Agreements (CSA) / Long Term Service Agreements (LTSA). PCS is derived from the acquisition of Subsea Drilling Systems (SDS).

<i>Amounts in USD thousands</i>	ESS	PCS	Total
Major contracts/revenue types	Fourth quarter 2024		
Construction revenue	25,936	10,000	35,936
Service revenue	55,382	41,895	97,277
Sale of products	48,323	50,167	98,490
Total revenue from contracts with customers	129,641	102,062	231,703
Timing of revenue recognition			
Goods and services transferred over time	81,318	49,099	130,417
Goods and services transferred at point in time	48,323	52,963	101,286
Total revenue from contracts with customers	129,641	102,062	231,703
Major contracts/revenue types	Fourth quarter YTD 2024		
Construction revenue	74,707	36,910	111,616
Service revenue	188,911	177,188	366,099
Sale of products	178,025	184,864	362,889
Total revenue from contracts with customers	441,643	398,961	840,604
Timing of revenue recognition			
Goods and services transferred over time	263,618	195,499	459,117
Goods and services transferred at point in time	178,025	203,462	381,487
Total revenue from contracts with customers	441,643	398,961	840,604

Note 2.1 - Revenue (Continued)

Amounts in USD thousands

	ESS	PCS	Total
Major contracts/revenue types			
	Fourth quarter 2023		
Construction revenue	11,300	11,143	22,442
Service revenue	50,447	43,522	93,969
Sale of products	35,495	55,654	91,149
Total revenue from contracts with customers	97,242	110,319	207,561
Timing of revenue recognition			
Goods and services transferred over time	61,747	51,631	113,378
Goods and services transferred at point in time	35,495	58,688	94,184
Total revenue from contracts with customers	97,242	110,319	207,561
Major contracts/revenue types			
	Fourth quarter YTD 2023		
Construction revenue	48,169	50,816	98,985
Service revenue	188,902	139,854	328,756
Sale of products	141,712	213,103	354,814
Total revenue from contracts with customers	378,783	403,772	782,555
Timing of revenue recognition			
Goods and services transferred over time	237,071	181,746	418,817
Goods and services transferred at point in time	141,712	222,026	363,738
Total revenue from contracts with customers	378,783	403,772	782,555

Note 2.2 - Operating segments

HMH identifies its reportable segments and disclose segment information under IFRS 8 Operating Segments. See note 2.1 in this interim report for description of HMH's management model and operating segments as well as accounting principles used for segments reporting.

Fourth quarter 2024

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarters	Total HMH
<i>Income statement</i>						
External revenue and other income	129,658	102,077	231,735	-	-	231,735
Inter-segment revenue	2,615	5,107	7,722	-7,722	-	-
Total revenue and other income	132,273	107,184	239,456	-7,722	-	231,735
Operating profit before depreciation, amortization and impairment	24,507	25,261	49,768	-	-3,032	46,736
Depreciation and amortization	-3,944	-8,152	-12,095	-	-633	-12,729
Impairment	-	-	-	-	-	-
Net finance income/expense	-8,203	-676	-8,880	-	-9,223	-18,103
Profit / loss(-) before tax	12,359	16,433	28,792	-	-12,888	15,904

Fourth quarter YTD 2024

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarters	Total HMH
<i>Income statement</i>						
External revenue and other income	443,133	400,135	843,268	-	-	843,268
Inter-segment revenue	5,549	10,115	15,664	-15,664	-	-
Total revenue and other income	448,682	410,249	858,932	-15,664	-	843,268
Operating profit before depreciation, amortization and impairment	67,259	106,905	174,164	-	-11,998	162,166
Depreciation and amortization	-16,288	-28,822	-45,110	-	-2,519	-47,629
Operating profit / loss(-)	50,971	78,083	129,054	-	-14,517	114,537
Net finance income/expense	-13,904	675	-13,229	-	-31,257	-44,486
Profit / loss(-) before tax	37066	78,759	115,825	-	-45,774	70,051

Fourth quarter 2023

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarters	Total HMH
<i>Income statement</i>						
External revenue and other income	97,873	110,460	208,332	-	-	208,332
Inter-segment revenue	4,415	2,752	7,167	-7,167	-	-
Total revenue and other income	102,288	113,211	215,499	-7,167	-	208,331
Operating profit before depreciation, amortization and impairment	8,967	34,825	43,791	-	1,706	45,497
Depreciation and amortization	-	-	-	-	-	-13,447
Operating profit / loss(-)	2,362	26,705	29,067	87,388	1,070	32,049
Net finance income/expense	-	-	-	-	-	-21,275
Profit / loss(-) before tax	-	-	-	-	-	10,774

Fourth quarter YTD 2023

<i>Amounts in USD thousands</i>	ESS	PCS	Total operating segments	Eliminations	Headquarters	Total HMH
<i>Income statement</i>						
External revenue and other income	380,368	405,211	785,579	-	-	785,579
Inter-segment revenue	8,284	7,948	16,232	-16,232	-	-
Total revenue and other income	388,652	413,159	801,811	-16,232	-	785,579
Operating profit before depreciation, amortization and impairment	29,998	100,090	130,087	-	-7,860	122,227
Depreciation and amortization	-	-	-	-	-	-44,683
Operating profit / loss(-)	13,665	73,723	87,388	87,388	-11,756	77,544
Net finance income/expense	-	-	-	-	-	-50,113
Profit / loss(-) before tax	-	-	-	-	-	27,431

Section 3 - Asset base

3.1 Property, plant and equipment

As at December 31, 2024

<i>Amounts in USD thousands</i>	<i>Note</i>	Buildings and land	Machinery, equipment, software	Assets under construction	Total
<i>Historical cost</i>					
Balance as at January 1, 2024		166,325	83,672	5,695	255,692
Additions		327	1,950	12,224	14,501
Acquisition through business combinations	5.1	-	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	-7,075	-570	-24,863
Balance as at December 31, 2024		151,638	85,213	3,124	239,975
<i>Accumulated depreciation</i>					
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		-21,715	-19,576	-	-41,291
Net book value as at January 1, 2024		143,655	65,484	5,695	214,834
Net book value as at December 31, 2024		129,923	65,637	3,124	198,684

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

As at December 31, 2023

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

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 extensions options. The Group also has 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.

As of December 2024, total right-of-use assets related to leases amounted to USD 37 million, with a related lease liability of USD 39 million. During 2024, HMH has seen an increase in right-of-use assets and lease liability mainly due to newly agreed office and workshop rental contracts.

Accounting for depreciation during the period and other additions relating to lease extensions, the total increase in right-of-use assets during the period amounts to USD 2.9 million and an increase of lease liability of USD 2.0 million.

3.3 Intangible assets and goodwill

<i>Amounts in USD thousands</i>	<i>Note</i>	Development costs ²⁾	Goodwill	Patents and rights	Customer Relations	Other intangible assets	Total
<i>Historical cost</i>							
Balance as at January 1, 2024		55,989	287,848	20,550	107,893	11,140	483,420
Additions from purchases		1,231	-	17	-	175	1,422
Reclassifications and other changes ¹⁾		8,844	-	2	-	-6,957	1,890
Acquisition through business combinations	5.1	6,000	14,125	-	5,000	-	25,125
Disposal		-	-	-	-	-846	-846
Currency translation differences		-8,383	-1,033	-462	-	25	-9,852
Balance as at December 31, 2024		63,682	300,940	20,107	112,893	3,537	501,159
<i>Accumulated amortization and impairment</i>							
Balance as at January 1, 2024		-11,890	-	-8,890	-25,081	-1,241	-47,102
Amortization for the period		-5,644	-	-2,927	-10,908	-470	-19,951
Reclassifications ¹⁾		-2,383	-	-	-1,146	1,032	-2,497
Disposal		-	-	-	-	846	846
Currency translation differences		4,809	-	190	-	-191	4,809
Balance as at December 31, 2024		-15,108	-	-11,627	-37,135	-25	-63,895
Net book value as at January 1, 2024		44,099	287,848	11,660	82,812	9,899	436,318
Net book value as at December 31, 2024		48,574	300,940	8,480	75,758	3,512	437,263
Useful life		3-5	Indefinite	3-5	3-5	3-5	

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:

- R&D and technology qualification effort developing a fully electric BOP for both subsea (floating rigs) and surface applications (jack-ups and platform).
- R&D and technology qualification of digital solutions to improve efficiency and cost of rigs in operation.
- R&D and conceptual development of system to do change-out of major components on offshore wind turbines.

We expect an increase in R&D and technology qualification initiatives to be financed by customers going forward. Mainly driven by Energy companies operating in Brazil.

3.3 Intangible assets and goodwill (Continued)

As at December 31, 2023

<i>Amounts in USD thousands</i>	Development costs¹⁾	Goodwill	Patents and rights	Customer Relations	Other intangible assets	Total
<i>Historical cost</i>						
Balance as at January 1, 2023	45,279	287,525	21,141	105,611	11,042	470,599
Reclassification and other changes	655	-	-	1,686	73	2,413
Additions from purchases	10,541	-	-	-	-	10,541
Currency translation differences	-486	322	-591	596	26	-133
Balance as at December 31, 2023	55,989	287,848	20,550	107,893	11,140	483,420
<i>Accumulated amortization and impairment</i>						
Currency translation differences	-6,274	-	-4,500	-15,064	-809	-26,646
Amortization for the period	-5,444	-	-4,303	-9,423	-407	-19,577
Currency translation differences	-172	-	-87	-594	-27	-880
Balance as at December 31, 2023	-11,890	-	-8,890	-25,081	-1,242	-47,103
Net book value as at January 1, 2023	39,005	287,525	16,642	90,547	10,233	443,953
Net book value as at December 31, 2023	44,099	287,848	11,661	82,813	9,898	436,318
Useful life	3-5	Indefinite	3-5	3-5	3-5	

¹⁾ Current R&D activities are spread across Norway, Germany, and the United States. The development activities are mainly related to:

- R&D in adjoining industries and misc software development initiatives
- Develop next generation elastomers for oilfield sealing applications, not just in our current space, in cooperation with a major operator.
- Develop a novel solution to reduce the number of accumulator bottles required to meet new regulatory requirements in the Gulf of Mexico

New R&D efforts for 2023 and beyond include developing a fully electric BOP for both offshore surface (platforms and jack-ups) and subsea use.

Section 4 - Financial instruments, risk and capital management

4.1 Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For financial instruments measured at fair value, the levels in the fair value hierarchy are as shown below.

Level 1 - Fair values are based on prices quoted in an active market for identical assets or liabilities.

Level 2 - Fair values are based on price inputs other than quoted prices derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.

Level 3 - Fair values are based on unobservable inputs, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

As at December 31, 2024

<i>Amounts in USD thousands</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial assets measured at fair value				
<i>Fair value- hedging instruments</i>				
Derivative financial instruments		1,713	1,713	Level 2
Financial assets not measured at fair value				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents		48,912	-	
Current financial assets		3,679	-	
Trade receivables and other current assets		181,712	-	
Contract assets		143,360	-	
Other financial assets amortized at costs	5.3	6,933	-	
Financial assets		386,309	1,713	

As at December 31, 2024

<i>Amounts in USD thousands</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial liabilities measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments		4,612	4,612	Level 2
Financial liabilities not measured at fair value				
<i>Financial liabilities at amortized cost</i>				
Borrowings	4.3	343,174	-	
<i>Other financial liabilities</i>				
Other non-current liabilities		14,212	-	
Trade payables and other current liabilities		236,322	-	
Provisions	5.2	16,931	-	
Financial liabilities		615,251	4,612	

4.1 Financial instruments (continued)

As at December 31, 2023

<i>Amounts in USD thousands</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial assets measured at fair value				
<i>Fair value- hedging instruments</i>				
Derivative financial instruments		2,759	2,759	Level 2
Financial assets not measured at fair value				
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents		62,524		
Current financial assets		1,500		
Trade receivables and other current assets		178,205		
Contract assets		143,653	-	
Financial assets		388,641	2,759	

As at December 31, 2023

<i>Amounts in USD thousands</i>	<i>Note</i>	Carrying amount	Financial instruments measured at fair value	Level in fair value hierarchy
Financial liabilities measured at fair value				
<i>Fair value – hedging instruments</i>				
Derivative financial instruments		1,326	1,326	Level 2
Financial liabilities not measured at fair value				
<i>Financial liabilities at amortized cost</i>				
Borrowings	4.3	340,628	-	
<i>Other financial liabilities</i>				
Other non-current liabilities		11,359	-	
Trade payables and other current liabilities		243,356	-	
Provisions	5.2	18,897	-	
Financial liabilities		615,566	1,326	

4.2 Finance income and finance expenses

<i>Amounts in USD thousands</i>	Fourth quarter		Fourth quarter YTD	
	2024	2023	2024	2023
Interest income on bank deposits measured at amortized cost	819	443	2,746	2,592
Interest income on finance lease receivables	6	92	42	92
Foreign exchange gain	2,620	4,311	15,809	11,362
Other finance income	106	132	422	-277
Finance income	3,550	4,978	19,019	13,769
Interest expense on financial liabilities measured at amortized cost	-9,897	-10,446	-36,385	-41,635
Refinancing costs	-	-	-	-7,207
Interest expense on lease liabilities	-577	-905	-2,158	-2,180
Loss on foreign currency forward contracts	-	-	-	-
Foreign exchange loss	-9,950	-5,172	-21,504	-10,698
Other financial expenses	-1,229	-9,730	-3,457	-2,162
Finance expenses	-21,653	-26,253	-63,505	-63,882
Net finance expenses recognized in profit and loss	-18,103	-21,275	-44,486	-50,113

4.3 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 exposure in the Group's consolidated financial statement for the year ended December 31, 2023.

As at December 31, 2024

<i>Amounts in USD thousands</i>	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Bond loan 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	15,000	14,427	3.75%		May 2026	SOFR + Margin
Credit line China	RMB	-	-	-0.4%		Jul 2024	China LPR + Margin
Total borrowings		346,910	343,174				

Current borrowings	14,428
Non-current borrowings	328,746
Total borrowings	343,175

HMH Holding B.V. is the direct borrower of the bonds, shareholder loan and the revolving credit facilities in the table above. MHWirth Offshore Petroleum Engineering (Shanghai) Co Ltd is the borrower of the Credit Line China.

Bonds

The 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, filial i Norge. 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.

The Bond loan (ISIN code: NO0012428996) was refinanced on November 22, 2023. HMH Holding BV issued on November 16, 2023 a bond loan (ISIN code: NO0013063495) of USD 200 million with a 3-year tenor and a fixed coupon of 9.88 % per annum. The Group intends to list the bond on the Oslo Stock Exchange in Q1 2025. The terms and conditions include restrictions which are customary for these kinds of debt instruments, including inter alia negative pledge provisions and restrictions on acquisitions, disposals and mergers, dividend distribution and change of control provisions.

The prior bond loan was repaid at 104.71562% of the nominal amount (plus accrued and unpaid interest of the redeemed amount) on November 22, 2023.

Reconciliation of liabilities arising from financing activities

<i>Amounts in USD thousands</i>	01.01.2024	Cash flows	Deferred Interest ²⁾	Amortization	Capitalized borrowing costs	Currency translation	31.12.2024
Bond loan HMH02	198,928	-2,469	-	1,559	-1,181	-	196,836
Shareholder loan ¹⁾	119,587	-	12,323	-	-	-	131,910
Revolving Credit Facilities	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, shareholder loans of USD 100 million was received comprising of USD 20 million from Akastor and USD 80 million from Baker Hughes, respectively.

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

As at December 31, 2023

<i>Amounts in USD thousand</i>	Currency	Nominal currency value	Carrying amount (USD)	Interest rate margin	Fixed rate	Maturity date	Interest terms
Bond loan HMH01	USD	-	-	7.00%		Feb 2025	LIBOR + Margin
Bond loan 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 22 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 direct borrower of all of the loans above.

4.3 Borrowings (continued)

Reconciliation of liabilities arising from financing activities

<i>Amounts in USD thousands</i>	01.01.2023	Cash flows	Deferred Interest	Amortization	Capitalized borrowing costs	31.12.2023
Term loan facility	35,684	-39,226	-	3,542	-	-
Bond loan HMM01	147,858	-110,059	-	2,142	-	-
Bond loan HMM02	-	160,059	2,469	101	-3,642	198,928
Shareholder loan ¹⁾	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⁾ As part of the consideration paid to Akastor and Baker Hughes in relation to the creation of the joint venture, shareholder loans of USD 100 million was received comprising of USD 20 million from Akastor and USD 80 million from Baker Hughes, respectively.

Section 5 - Other information

5.1 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 21 million, and was settled in cash.

Identifiable assets and liabilities acquired in 2024

<i>Amounts in USD thousands</i>	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. The trade receivables comprise gross contractual amounts due of USD 836, of which USD 0 was expected to be uncollectable at the acquisition date.

The Group incurred acquisition-related costs of USD 3 650 on diligence and consultant cost. These costs have been included in administrative expenses.

From the date of acquisition, Drillform contributed revenue of USD 7 906 and profit of USD -2 760 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, and consolidated profit for the year would have been USD 49 652. 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

Analysis of cash flows on acquisition in 2024

<i>Amounts in USD thousands</i>	Drillform
Net cash acquired with the subsidiary	1,377
Cash paid	21,000
Net cash flow from acquisition	-19,623

5.2 Provisions

<i>Amounts in USD thousands</i>	31.12.2024	31.12.2023
Provisions, current	16,109	17,829
Provisions, non-current	822	1,068
Total provisions	16,931	18,897

Provisions mainly consist of warranties, restructuring provision and other provisions.

Warranties

The provision for warranties relates mainly to the possibility that HMH Group, based on contractual agreements, needs to perform guarantee work related to products and services delivered to customers. Warranty provision is presented as current as it is expected to be settled in the group's normal operating cycle.

Restructuring

The non-current provisions encompass a restructuring provision specific to MHWirth AS. The restructuring primarily pertains to substantial workforce reduction and reorganization within MHWirth, driven by the challenging rig market conditions. This provision incorporates unoccupied office premises subsequent to the reduction in workforce and is appraised based on the comprehensive restructuring plans for the affected businesses and locations. The reduction 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. The remaining part of other provisions is allocated among PCS entities and mainly relates to concession reserves and liquidated damages reserves.

5.3 Related party transactions

HMH Group with its parent company HMH Holding B.V., is a joint venture by Akastor and Baker Hughes. The shareholders are Baker Hughes Holdings LLC (50%), Akastor AS (25%), and Mercury HoldCo Inc (25%).

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

<i>Amounts in USD thousands</i>	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, 2024 - December 31, 2024								
Income statement								
Revenue	-	-	3,406	-	132	-	77	3,615
Net financial items	-7,616	-	-1,686	-	-	-	-	-9,303
Balance as at December 31, 2024								
Related party note receivables - current	-	-	-	-	-	-	-	-
Related party accounts receivables	-	-	1,136	-	1,196	-	-	2,332
Account payable - related party	-	-	-	-	-427	-	-124	-551
Provisions - environmental	-	-	-	-	-3,086	-	-	-3,086
Long term debt	-103,767	-	-28,143	-	-	-	-	-131,910
Indemnification asset ¹⁾	-	-	19,855	-	-	-	-	19,855
Related party note receivables	4,299	-	4,339	-	-	-	-	8,638
Liability to shareholders ²⁾	-514	-	-8,162	-	-	-	-	-8,676
Deferred consideration receivables ³⁾	-	-	-	-	-	6,933	-	6,933

<i>Amounts in USD thousands</i>	Baker Hughes Holding LLC	GE Drilling Services LLC	Akastor AS	Aker BP	Other Baker Hughes companies	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	-	-	-	-	-	-	-8,491
Balance as at December 31, 2023								
<i>Assets (liabilities)</i>								
Related-party note receivables - current	-	-	-	-	540	-	-	540
Related party accounts receivables	-	230	-	174	-	-	-	403
Accounts payable - related party	-	-	-	-17	-110	-	-	-127
Provisions - environmental	-	-	-	-	-3,896	-	-	-3,896
Long term debt	-95,670	-	-23,917	-	-	-	-	-119,587
Indemnification asset ¹⁾	-	-	21,914	-	-	-	-	21,914
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 of December 31, 2024. (2023: USD 19.9 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). See note 5.5 in this interim condensed report for details.

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. See note 5.6.

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

Related party transactions

Akastor

- Akastor has provided a shareholder loan to HMH of total USD 20 million in 2021. This is a long-term loan provided to finance the Groups operating and financing activities. The closing balance includes the initial loan amount and the capitalized interest, see Note 4.3 for details.
- As part of the merger, Akastor is responsible for the pension liability from before the merger. Hence, HMH has a receivable of USD 19,9 million from Akastor.

Baker Hughes

- Baker Hughes has provided a shareholder loan to HMH of total USD 80 million in 2021. This is a long-term loan provided to finance the Groups operating and finance activities. The closing balance includes the initial loan amount and the capitalized interest, see Note 4.3 for details.
- HMH agreed to pay consideration to the shareholders upon utilization of the deferred tax assets that were acquired as part of the formation of HMH. See note 5.5 in this interim condensed report for details.

5.4 Income tax

The Company's effective tax rates for the three and twelve months ended December 31, 2024 and 2023 were negatively impacted by the changes in valuation allowance related to losses in certain jurisdictions for which the Company cannot currently recognize a tax benefit. The effective tax rates were also impacted by the Group's US income and losses which are taxed to Baker Hughes and Akastor, certain withholding taxes, as well as differences in tax rates in the jurisdictions in which we operate. The effective tax rates for the periods ending December 31, 2024 and 2023 were also impacted by these same items.

5.5 Commitments and contingencies

Our contingent consideration as of December 31, 2024 include approximately USD 8.6 million associated with our deferred tax assets that were acquired as part of the formation of HMH and is payable to our shareholders upon utilization. Commitments and contingencies are liabilities recorded on the balance sheet.

There is no other commitments or contingencies as of December 31, 2024 or 2023.

<i>Amounts in USD thousands</i>	Share-based payment	Paid in capital	Total
Balance as at December 31, 2022	-	-	-
Balance as at December 31, 2023	9,967	-	9,967
Share-based payments	5,557	-	5,557
Sale ownership interest in Hydril Pressure Controlling Arabia Limited	-	8,891	8,891
Balance as at December 31, 2024	15,524	8,891	24,415

Sale ownership interest in Hydril Pressure Controlling Arabia Limited

During 2024, HMH entered into a partnership with Tanajib Holding Company in Saudi Arabia. HMH sold 30% of their interest in Hydril Pressure Controlling Arabia Limited, decreasing their ownership from 100% to 70%. Tanajib has a strong and lengthy legacy in Saudi Arabia and in the greater Middle East region, providing drilling and maintenance solutions as well as manufacturing and process optimization services. Under the agreement Tanajib will own 30 % of non-controlling interest in Hydril Pressure Controlling Arabia Limited.

In Q1 2024, the Group has recognized deferred consideration receivable of USD 6.9 million as part of the sale price of 30% shares in Hydril Pressure Controlling Arabia Limited.

5.7 Subsequent events

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

Alternative Performance Measures (APM)

To enhance investors' understanding of the company's performance, The Group presents certain alternative performance measures (APMs). An APM is defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). As every group does not calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial measures should therefore not be regarded as a replacement for measures as defined according to IFRS.

The Group uses adjusted EBITDA as an APM.

Adjusted EBITDA

Adjusted EBITDA is defined as the profit/(loss) for the year/ period before net financial income (expenses), income tax expense, depreciation, amortization and impairment (EBITDA), adjusted for non-recurring items affecting comparability.

Non-recurring items

The Group defines non-recurring items as one-time costs, not relating to the actual reporting period or core activity.